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WEST EUROPE

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GRATZ ON COALITION PROBLEMS, COMING ELECTION IN VIENNA

Vienna NEUE AZ in German 27 Jun 87 p 5

[Interview with Leopold Gratz on government work, Greens and the situation of the Vienna Socialists by NEUE AZ's Eva Gogala: "Coalition is not Sudden Love"; date and place not given. First paragraph is NEUE AZ introduction]

[Text] The compromises of the Socialists in the coalition, the harder confrontations in Vienna's municipal politics, the OeVP attempts to develop its image, the prospects in the coming Vienna elections and the tasks of the Social Democrats, those are the topics of our interview with the chairman of the Vienna SPOe National Council President, Leopold Gratz. Eva Gogala conducted the interview.

[Question:] In the coalition pact the SPOe had to make a whole series of compromises with the OeVP. Now there is criticism among the Socialists that the SPOe helps carry a policy change. In Vienna the SPOe has an absolute majority. Do you believe that as a result the Vienna party has a political pioneer role?

GRATZ: Vienna can undoubtedly demonstrate how a policy can be fashioned which is based on a very solid absolute majority. The coalition pact in the federal government after all has not been concluded because of a suddenly erupted love between the two coalition parties but in a situation where neither of the two parties had an absolute majority. Two things should be done: A compromise should be represented as a compromise and not as a 100-percent fulfillment of one's own demands, for there would be no reason for once again seeking an absolute majority at the next election. But there is the second commandment that the OeVP should not be used as an excuse when things are involved which the SPOe would have had to do on its own anyhow. For example, to reduce the budget deficit and to spend a large amount for the nationalized industry. But now concerning Vienna: I believe that Vienna has proved that wherever principles of policy are involved there is readiness to make decision on one's own. On the other hand, in the city, independent of a formal coalition there is readiness to seek agreement in factual issues. Life in a city would probably be unbearable if there were uninterrupted

confrontations no matter whether between people living there or between the parties.

[Question:] But in Vienna the confrontations are becoming harsher on factual issues, too. Do you attribute that to the approaching elections or do you see other reasons for that?

GRATZ: I attribute that to the fact that the OeVP is in the absolutely unenviable role at times of virtually having to seek a controversy to establish an image in relation to the socialist majority in the city senate. An example of that is the Vienna barrage weir with lock. The OeVP had called upon me as mayor at least 20 times asking why I don't get the Danube power plants at long last to act so that the Vienna barrage weir with lock is given preference. Now the OeVP provokes a controversy because it has to find some controversial point. This is in fact proof of the high quality of the work of the city administration that the opposition has great difficulty in most questions in showing fundamental differences.

[Question:] In federal politics, the time of absolute majorities seems to be a thing of the past. It is the election goal of the Vienna Socialists, to achieve its absolute majority once again. Do you believe they will succeed in that?

GRATZ: I consider the chances as good even though the question arises whether or not there will be a Greens party in the municipal council and at whose expense it will obtain its votes, but all of that is speculation. But the fundamental factor is that from the reaction of the people and even of the media in Vienna one senses that the SPÖ with Helmut Zilk as top candidate proves to have genuine ability to integrate. There is no large group that feels forgotten or excluded from the city administration. And especially in the environmental field it can be proved that the Social Democrats have practiced a good policy at great expense.

[Question:] You have experience with the work of the Greens from parliament. What will change if the Greens, as can be assumed, will enter the Vienna city hall?

GRATZ: Then it will be vividly shown that a policy which is demanded by many representatives of the Greens and which consists of a rejection of all fields which touch on the economic base of the city cannot be pursued. The line of the Socialists is that the last 100 years cannot be wiped away and that it cannot be expected of the people to renounce the standard which has been happily reached.

[Question:] How is the work with the Greens going to develop from the political climate?

GRATZ: If people get used to the fact that there are people who like to dress more casually, then the relations with the Greens do not pose any extreme problems.

[Question:] What is the present function of the Socialist Party for its members? Does it make sense if it tries to be a service organization for all situations in life?

GRATZ: Our principles are just as valid after 100 years. We have no reason to change anything on the concept of personal freedom nor the concept of quality, not in the sense of egalitarianism. The principle of solidarity, i.e. the help of the community for those who need help, is now more relevant than ever before. What is involved here is not only bare existence but also helping those who are unable to express themselves. As regards the service field: There are frequent complaints about increasing regimentation. That is probably inescapable if what is involved is getting fields such as environmental protection under control. At the same time it is an essential task of the party, in line with decentralization, to let the people themselves decide or to have them participate in decisions in the field that they know and that concerns them. That is a very big, though changed task. The party no longer needs to organize hunger demonstrations now. What it should do now is to help people decide their fate themselves.

12356

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CONFLICT BETWEEN NATIONAL, FLEMISH COMMUNITY'S FOREIGN MINISTERS

Brussels KNACK in Dutch 3 Jun 87 pp 49-52

[Article by Karel Cambien: "Two Ministers Fishing in the Same Pond"; first paragraph is introduction]

[Text] It appears that the outside world is too small for Leo Tindemans and Paul Deprez, national and community ministers of foreign relations, respectively. There is even talk of a real cold war between the two officials.

Since 12 December 1985--and for the first time ever--Flanders has had its own minister for foreign affairs in the person of Paul Deprez, from West Flanders. And since 1 April 1986, this same Flemish Community has also been able to glory in an administration specifically devoted to foreign policy. This ministry's official, and somewhat bombastic name is the Commissariat-General for International Cooperation of the Flemish Community.

Deprez and his Ministry for Foreign Affairs are trying to make the best of this, within the boundaries prescribed by law, but frustration is perceptibly on the rise. The national minister of foreign relations, Leo Tindemans, and his administrative staff (Quatre Brasstraat) are in fact providing a considerable amount of headwind, say Paul Deprez's closest coworkers.

For months, this has led to all sorts of bantering back and forth, to minor and major arguments, to petty situations, but especially to the silent rancor of community minister Paul Deprez. Or to put it in the words of Deprez's cabinet head Erik Suy: "There is perpetually a ticking time bomb between the two ministers. Relations are simply breaking down. And sooner rather than later, this will have to result in an explosive situation."

In the coalition agreement of the Martens VI cabinet, all sorts of nice intentions were formulated in connection with the foreign policy that both Flanders and Wallonia were supposed to be able to pursue. Thus, one thing that was stated was that the rest of the world should be able to identify and accept Flemish (and Walloon) identity. Even more: the Flemish (and Walloon) government has a separate responsibility that it must assume on the international level as well. The intention was that Flanders (and Wallonia) should play a role on the international stage not only in terms of cultural

affairs, or of so-called person-associated matters, but also in terms of economic affairs, for example. In that same coalition agreement, there was even explicit mention of an industrial policy or a Flemish export policy.

But according to Deprez and his entourage, it is beginning to look more and more like all of this will remain merely big words. Paul Deprez has more than once had the feeling that he is being pushed to the sidelines. He is fighting a losing battle. Deprez at any rate should not count on a great deal of indulgence from Quatre Brasstraat or on goodwill from his CVP colleague Leo Tindemans. 'Because there are now rules' to the game and state structures that must be respected, it is being said at Foreign Affairs.

In practice, there even seems to be a "cold war" under way between the two CVP officials, even if neither of them is willing to admit it publicly. Nevertheless, talk at the Deprez ministry these days is rather bold. Cabinet head Erik Suy: "In our case, two positions can be assumed. Either one tries to cautiously go one's own way, and this is what we have done thus far. But we have systematically been getting headwind. Or, and this is the second option, we can simply cause trouble. I feel that thus far we have been too virtuous. We are going to pound our fists on the table. Just like the Walloons do, I might say. When the Walloon minister for foreign affairs, Melchior Wathelet, has a problem, he immediately takes it to the so-called deliberation committee of government executives. For our part, we always try to deal diplomatically, to avoid conflicts, to be virtuous. To look for a compromise. But in practice we are then made to look a fool, over and over again."

The Accepted Channels

It is clear from a number of examples that there has been a true short circuit between the national and the community minister for foreign affairs on more than one occasion.

It was suspected earlier that problems could in fact arise in this area. But not to worry: It was agreed that Tindemans on the one hand and Deprez-Wathelet on the other hand would regularly get together to iron out any problems. All told, this type of consultation has taken place only one time in the course of 1½ years.

Furthermore, there was also talk of a Committee of Permanent Representatives, which was to discuss, on the civil servant level, problems that had arisen. That committee has yet to meet even once. "A pity," Erik Suy says, "because these were to be incontestable exhaust valves, able to eliminate part or all of the tensions."

There is, moreover, also the P07 office at Quatre Brasstraat, which is responsible for relations with the communities and the provinces. Baron Yvo De Vleeschauwer is the head of P07, but he is being accused of meekly looking on while matters simply continue on their course.

From the moment that the Flemish Community attempts to give its foreign policy a concrete form, Leo Tindemans and his administration apparently begin to

scrutinize it with a magnifying glass. The examples are legion. In order to give a little more exposure to Flemish identity abroad, Paul Deprez decided last year to distribute a brochure entitled "Flanders." A nice document, according to specialists, well-illustrated, nicely laid out and informative. When Tindemans saw the pamphlet last fall, he sent a thank-you letter to Paul Deprez, on 29 October 1986, for "your thoughtfulness."

Rather quickly, Foreign Affairs began to distribute the brochure to Belgian embassies in other countries. But at the beginning of this year, Tindemans suddenly put a halt to it. This happened after a note from Secretary-General Frans Roelants of the National Ministry of Foreign Relations. In a letter dated 19 January 1987, all Belgian ambassadors abroad were instructed to stop handing out the brochure.

Several weeks ago, during parliamentary debate, Tindemans provided a detailed explanation for this action. According to him, the brochure was not being distributed by way of the accepted channels. And secondly, in terms of content the brochure appeared here and there to include a few disturbing facts.

Paul Deprez can scarcely make any sense of that explanation. This is because his administration in fact sent the brochures to Quatre Brasstraat, which in turn passed them along to the Belgian embassies and consulates abroad. "Why was that not the accepted channel?" Deprez now wonders.

Deprez's cabinet head, Erik Suy, does concede that something did indeed go wrong with the contents of the brochures. This was the case, for example, with the depiction of the Belgian state structure. In it, the king and the national government were put on equal footing with the Flemish government. A miscalculation, especially with respect to the head of state. In the newly-printed brochures, this error has been eliminated.

Among others, the Belgian ambassador in Japan, Marcel Depass, pointed out to Tindemans in a letter dated 19 December 1986 that the Flemish-Walloon contrast was systematically emphasized in the brochure. Tindemans was apparently not impervious to that argument. But the Deprez cabinet is not very happy about this turn of affairs. After all, 50,000 copies of the brochure were printed up (142 francs a piece, everything included), and they now appear to be practically useless. All that good money out the window.

The Flemish Community also had a film made on Flanders last year that was to be distributed by way of the Belgian embassies. Tindemans allowed this film to be sent out as well, but in practice it now turns out that most embassies do not have the necessary video infrastructure at their disposal to show it. This too appears to have been wasted money.

Prospector

The quarrel surrounding the brochure does not tell the whole story. Flanders is also trying to do something about its presence abroad, in the field. This

includes installing community attaches (1) and Flemish investment prospectors (2). A noble idea, but here as well a multitude of questions are being raised.

The community attaches are expected to present Flanders abroad in as good and as bad a light as possible. For the sake of convenience (?), the community attaches work at the Belgian embassies. At the beginning of April, Paul Deprez went to officially install the first attache of the Flemish Community in a foreign country. That was in Washington, where Rita Omwal-Levy was to promote Flanders. Tindemans and Deprez came to an agreement at the end of last year on the installation of community attaches. The protocol governing this matter was signed last 18 December last year.

After nearly 2 months, however, Rita Omwal must be wondering what has happened to her, since right after her installation she was told by Ambassador Dehennin that she could not use paper with the letter head "Flemish Community" for her correspondence. She, the Flemish "ambassadress," was urged to conduct her correspondence exclusively on the stationery of the Belgian embassy. Brussels had ordered this.

In only a few weeks time, Rita Omwal has been limited in her professional competence in a number of other areas as well. She hears this again and again from Ambassador Dehennin, who is apparently receiving instructions from Brussels to be as restrictive as possible. Foreign Affairs denies this officially.

Paul Deprez, who wants to install other community attaches in other world cities in the foreseeable future (Kinshasa, and possibly Paris and London), is watching this train of events in Washington with regret.

The Flemish investment prospectors abroad (Osaka, Boston) should certainly not count on any favors either. Deprez wants to install a third prospector on the U.S. west coast, but that is not without its problems. These investment prospectors are expected to seek out potential investors for Flanders, and thus to market Flanders.

Deprez had for all intents and purposes settled on Martin Hinoul for the position of commercial prospector on the U.S. west coast, but Tindemans again threw in a monkey wrench. Martin Hinoul knows the American west coast like the palm of his hand. For years, he has worked as Belgian technology attache in Los Angeles. His competence is beyond doubt.

Deprez thus saw him as the perfect choice, and Hinoul was glad to accept the challenge. But he would have to be dismissed in order to accept the new job. Like so many, he had the knife put to his throat by Leo Tindemans (Hinoul would no longer be regarded as a consular agent), and he backed down under that pressure. Deprez must now again go looking for a worthy replacement. Hinoul himself is said to regret very much that the switch could not take place.

Erik Suy: "Tindemans seems to be obsessed by the idea that the communities and the provinces will be under his feet in foreign countries." It is even suspected in the Deprez cabinet that all Belgian embassies have been instructed to keep community representatives on the sidelines as much as possible. There is no proof of this, but a lot of things point that way.

Osaka

It is a fact that the Flemish Community wants to organize a Flemish week in the Japanese city of Osaka this coming October, as a premiere. However, the Deprez cabinet for the time being appears to be unable to count on the actual cooperation of the Belgian ambassador there, Marcel Depass. There is already a certain amount of friction in the organizing of the event. Ambassador Depass is a French-speaker.

Deprez also wants to officially open the Flanders Exchange Center in Osaka on 10 October. This is to be a permanent meeting place for business contacts between Japan and Flanders. The Flemish Community is assuming the full financial burden for the project, convinced that this type of business center should yield fruit in the long run.

But what is happening? Suddenly Quatre Brasstraat wants to reopen its consulate-general in the same city. Several years ago it was closed as an economy measure. Now, however, it is all viable again. Deprez and those immediately around him see this as a straight-forward attack on their initiative there. They were at any rate extremely surprised to learn of it.

The Deprez cabinet does not believe that it is sheer coincidence that Minister of Economic Affairs Phillipe Maystadt will be visiting that very city, Osaka, just prior to the event. Deprez has already asked Maystadt to publicize the Flemish Week, but certainly should not count on a great deal of goodwill there.

The Flemish minister of foreign affairs is in the meantime attempting to get more publicity. He has a promotional budget of around 57 million francs. Part of this money is being spent on printing up the controversial "Flanders" brochure and on publicity campaigns, such as those that have appeared in TIME and NEWSWEEK.

This money is apparently being well-spent, in view of the fact that the cabinet is receiving daily response from abroad to its advertising campaigns. It is even being assessed that this will result in a number of real and noticeable foreign investments, although there is an unwillingness to discuss this at length for the time being.

This 15 June, a survey on Belgium will appear in the British business newspaper THE FINANCIAL TIMES. Paul Deprez took advantage of the opportunity by inserting a large advertising text on the front page, which certain Belgian ministers (Tindemans, De Croo) will presumably not be happy to see. After

all, the readers of THE FINANCIAL TIMES will be made to understand that "Made in Belgium," in terms of exports, primarily means "Made in Flanders." This region in fact accounts for 70 percent of Belgium's exports.

Deprez does not think that it is so bad that Flanders currently enjoys little recognition abroad, as a recent survey in Europe conducted by European Parliament member Jaak Vandemeulebroucke showed. It is better to have no image than a bad one, he says. But on the other hand, the often direct blows below the belt coming from Quatre Brasstraat bother him all the more.

12271

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CONTINUED INTERNAL STRIFE IN COMMUNIST PARTY AFTER CONGRESS

Copenhagen BERLINGSKE TIDENDE in Danish 19-25 Jun 87 p 14

[Article by Solveig Rodsgaard: "Glasnost at Party Headquarters"; first paragraph is BERLINGSKE AFTEN introduction]

[Text] The new party chairman and the glasnost signals from Moscow are supposed to save the Danish Communist Party. But there are still internal problems, especially when LAND OG FOLK is in charge of the openness.

The Danish Communist Party has had some difficulty dealing with the principles of glasnost after the 28th party congress when it acquired a new leadership and announced a new era for the ailing party.

The new party chairman, Ole Sohn, is only 32 years old and some Communists are hoping that the young chairman can pave the way for an open and constructive debate in the hitherto dogmatic and reactionary Communist Party so that it can gain political influence. But a number of the "old guard heavyweights" are still part of the party leadership on Dronningens Tvaergade. For example Ib Norlund, the old chief ideologist, who had been a member of the Danish CP Central Committee for 16 years and a member of its Executive Committee for 5 years when Ole Sohn was born in 1954. Ib Norlund is still a member of the Central Committee and the Executive Committee and he is also part of the party secretariat, the party's everyday leadership structure. Another heavyweight is party secretary Poul Emanuel, who has been secretary since 1965.

First of all the party newspaper LAND OG FOLK showed the problems openness entails by printing a report of the first meeting of the new Central Committee on 9 May. The report contained a good deal of criticism of the way in which the new party chairman, Ole Sohn, and the deputy chairman, Jan Andersen, had been elected. Judging from the report Ole Sohn and Jan Andersen had not countered the criticism. Only one Central Committee member was referred to by name--and he allegedly warned against exaggerated optimism about the Gorbachev effect.

A few days later the report led to a number of letters to the editor of LAND OG FOLK, requesting information about what had really happened at the Central Committee meeting and expressing disappointment that the concept of

glasnost and support for the new party leadership seemed to have disappeared. The debate went on for almost a week. Then the CP Executive Committee issued a statement on the Central Committee meeting and the LAND OG FOLK report--which urged people to utilize the optimism "the congress generated in the party and ensure that collectivism in the leadership effort is the basis for carrying out the decisions of the congress." The statement was signed by Ole Sohn and appeared in LAND OG FOLK. Under the statement there was an editorial comment that the readers' discussion had now ended.

The second Central Committee meeting was held last weekend and its members took note of the Executive Committee statement. For its part LAND OG FOLK gave a more balanced account of this committee meeting than it gave of the first one.

Personal Attack

Sources say that the report of the first Central Committee meeting should be seen as a personal attack on the new leadership by LAND OG FOLK's political editor, Frank Aaen. Incidentally, he is a newly-elected member of the party's Executive Committee.

Ole Sohn made the following comment to us concerning the reports of Frank Aaen's attitude:

"I will put it this way; of course we have had discussions about the new leadership. It is obvious that when people at the congress spent so many hours electing the chairman and deputy chairman and when opinions were so divided as to whether the party should establish a deputy chairmanship at all, there were different attitudes toward the new leadership. But in the subsequent discussions we have had on the matter, I have not noticed anything of the kind."

Asked whether there was a "horse trade" between Ole Sohn and Jan Andersen before the election at the congress, Ole Sohn said:

"There were clearly differences of opinion about who should have been chairman and whether we should have a deputy chairman. But there was no horse trade. If there had been, the Central Committee meeting at the congress would probably not have taken so long. We had a long and detailed discussion of the party's options in the leadership elections."

Ole Sohn said of the troublesome account of the first Central Committee meeting: "The account was an expression of a desire to be open about our Central Committee meetings. There is a wish that LAND OG FOLK would discuss the issues before the meeting and then report on them afterward. The more open we are, the more debate we will have. Therefore the letters to the editor were probably a reaction to the way LAND OG FOLK reported the meeting. And we have since discussed whether this was the right way to report the meeting. We have acquired some experience from the first Central

Committee meeting and we are working on that basis. Central Committee meetings should be more accessible to everyone."

Ole Sohn does not think LAND OG FOLK put the lid on the debate too soon: "It is customary for newspapers to make space available for discussions of new subjects at some point or another. Of course one could discuss whether the debate should have been allowed to continue for another week, but I know that only a few letters from readers were left when the debate was closed. Incidentally these letters were turned over to the members of the Central Committee."

Optimistic

The new party chairman is optimistic about the party's prospects in the coming election. He said there have been reports of new Danish CP members from many parts of the country and he estimated that membership now stands at "a good 9,000." He added that LAND OG FOLK's declining circulation figures have also started to move upward. The newspaper now has a circulation of around 10,000 copies.

"I anticipate quite simply that the Danish CP will do well in the election and we have an opportunity to get into Folketing. I believe the Danish CP can act as the dynamo that attracts left-wing votes. The better the Danish CP functions, the less interested others will be in establishing themselves alongside us. Are we bothered by Common Course? No, but the attention the morning papers pay to Preben Moller Hansen can create some confusion on the left wing. He acquired his political training in the Danish CP and that has also left a mark on his election program. But Common Course is not a real party. I regard the formation of the party as an indication of Preben Moller Hansen's desire to end his career as a party leader. When he steps down the party will disappear."

What Happened

At the 28th congress of the Danish CP on 16-19 April there was a stormy election of the new chairman and deputy chairman by the newly-elected Central Committee on the night before the last day of the congress. Before the meeting started Ole Sohn, chairman of the Horsens branch of the Semi-skilled Workers Union [SiD], and Jan Andersen, chairman of Local 13 of the Metalworkers Union, were candidates for the chairmanship. As far as we can tell there were more votes for Jan Andersen than Ole Sohn on the Central Committee. But when the decisive Central Committee meeting began, it was clear that Ole Sohn and Jan Andersen had actually--and quite practically--divided up the posts, so that Jan Andersen would not run in opposition to Ole Sohn.

There was a tough showdown on the Central Committee; in the beginning the idea of giving the party a deputy chairman did not have majority support. Especially among the old heavyweights. But after many hours of discussion, the votes split late that night 24-22 in favor of a deputy chairmanship. Jan Andersen was elected by 40 votes to 7. Two committee members were not

present. Ole Sohn was elected party chairman by 44 votes to 3, with two members absent.

On 9-10 May the new Central Committee held its first meeting and elected the party's secretariat and Executive Committee. The party secretariat now consists of Ole Sohn, Jan Andersen, Poul Emanuel, Ib Norlund, Frank Aaen and union secretary Bo Rosschou. In addition to the six members of the party secretariat, the Executive Committee now includes Dr Bernhard Jeune, Kurt Kristensen, chairman of the Copenhagen branch of the Danish CP, former Folketing member Freddy Madsen, Anette Nielsen, Harry Osborn, Inger Rasmussen, Anker Schjerning, chairman of the Danish CP's Peace Committee, Rita Sorensen and Dr Steen Parker Sorensen.

It is also worth noting that Ingmar Wagner, former secretary for peace and solidarity activities, was not re-elected to the Executive Committee.

Farewell to Danish CP

"During the debate at Saturday's Central Committee meeting, sharp criticism was heard from many sides of the way in which the election of the party's chairman and deputy chairman had been conducted," LAND OG FOLK wrote in its report on 12 May. On 14 May the first letter to the editor appeared, expressing surprise that the party chairman had not been allowed to say anything. "The editorial board agrees that the report of the evaluations of the congress should have included a contribution from Ole Sohn," the newspaper replied. On 19 May there were four letters to the editor on the same subject and on the 20th there was one letter. On the 21st there was a statement from Ole Sohn "on behalf of the Executive Committee."

"In addition questions have been raised about the form of the election of the chairman and the deputy chairman at the Central Committee meeting of 19 April. LAND OG FOLK reported that there was sharp criticism at the Central Committee meeting of 9 May concerning the way in which the elections were conducted. That is correct. Several people were displeased. Partly with the form and partly with the establishment of the deputy chairmanship post. But the report could have included the fact that others were satisfied," the statement said in part. This was followed by LAND OG FOLK's announcement that the readers' discussion was now over. The next day the paper printed an interview with Ole Sohn concerning the Danish CP's offensive.

Some days later two of the critics of the Danish CP left the party. They were former LAND OG FOLK reporter Dines Boertmann and Peter Pagh, former district chairman of the Albertslund branch of the party. Both were dissatisfied with the election of the new party secretariat and Executive Committee.

6578

CSO: 3613/111

MINISTER CRITICIZES CDU POLICIES TOWARDS WOMEN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Jul 87 p 1

[Article by ban., Bonn: "Mrs Suessmuth Criticizes Her Party's Policies Towards Women; the Family Minister Deplores the CDU's Unclear Concept; 'Trend Towards Switching by Women Voters'"]

[Text] The chair of the CDU women's association, Family Minister Suessmuth, on Monday criticized her party's policies towards women. Mrs Suessmuth pointed out "massive" losses of votes by the CDU among the women voters in the 25 to 45 age group during the latest Bundestag election. The share of female CDU voters between 25 and 35 years of age declined 6.9 percent from 32.6 percent (1983) to 25.7 percent (1987); in the age group of the 35 to 45-year-old female voters, the CDU lost 7 percent and received merely 33 percent in 1987. It was only due to the election behavior of the older women that the "trend towards switching of the female voters" was kept within limits.

She regards it as a reason for the loss of votes that the CDU failed to clarify its social policy concept with respect to women and family, "but also with respect to other questions, such as environment and peace." Women who want more compatibility of family and occupation "felt the absence of a more consistent advocacy of the interests of the women in our society as we had promised at the 1985 Essen Party Congress," Mrs Suessmuth wrote in the CDU Press Service. The high number of voter abstentions of younger women moreover raises the question "concerning confidence in our policy." The CDU must work on it that these women return to the CDU and not drift to the Greens or the SPD.

The party does have expertise as regards economic policy but it also needs it for ecological questions. "We are competent concerning material needs. But we must also become sensitive again to spiritual expectations. In final analysis what is involved is our spiritual profile which we must clarify more." As a vista she referred to "a new partnership between man and woman." What is involved is not only the woman "but equally the man and a reorganization of society in the interest of the compatibility of family and profession." CDU policy must apply to the women in the family as well as to the gainfully employed women.

Mrs Suessmuth pointed out that in 1985 about 65 percent of all women between 25 and 45 years of age were gainfully employed; in 1970 the figure was 48 percent. A total of 4.2 million mothers with children under 18 are gainfully employed. "These are facts on which policy must orient itself." Possibilities must be created for women to enable them to return to the profession without any great difficulties and ways must also be opened for men to reduce their gainful employment during the period when their children are small. Therefore the "working world" must increasingly adapt itself to the situation of the families of the job-holders. "We need a working world that is fair to women," Mrs Suessmuth said.

12356

CSO: 3620/296

GREENS SPLIT OVER FOUNDATION FUNCTIONS, GOALS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Jun 87 p 4

[Article by ban, Bonn: "Differences of Opinion Among Greens About Party Foundation; 'Laender Model,' 'Women's Foundation.' 'Heinrich Boell Foundation,' 'Movement-related Foundation,' or 'Foundation Umbrella'"]

[Text] Among the Greens there continues to be an absence of a clear view on which decision a special party congress in September will adopt regarding a party related political foundation. Even though the participants in a meeting which was to serve the provisional clarification agreed that the foundation has to be largely "independent of the party," according to Regina Michalik, one of the three persons speaking for the party executive. But "no definite model" has as yet been developed of what the collaboration of party members of the Greens in the foundation should look like. Groesch, a member of the executive, pointed out that the grants made by the foundation must not be politically "exploited" against the Greens. Moreover Groesch said that the project of a "Heinrich Boell Foundation," which is pushed, e.g., by deputies Schily and Antje Vollmer and by former spokesman of the executive, Beckmann, is "off the table." Groesch, who belongs to the "realists," advocates a decentralized "Laender model," which is to lend weight to Land foundations in the allocation of federal funds.

The discussion involves the question as to how close the foundation should be to the party and what influence groups not directly linked to the party but close to the Greens should have. There is also a controversy whether the foundation should have a centralist or federative orientation. A "women's movement" finally demands a "women's foundation." The party wings, the "realists" and the fundamentalists" have not yet revealed their positions, which makes the process of discussion more difficult.

The objection within the party to the "Laender model" is the claim that the political foundation of the Greens could be tied too closely to the party because of the influence of the Land associations. The opponents of a "Heinrich Boell Foundation" call it, if it is established, a creation by party notables; it provides too much influence to some individuals.

Also under discussion is a "women's foundation" and the model of a "foundation close to the movement." Apparently they want to pursue their project even in case the party agrees on another model. The advocates of a "movement foundation" demand that not party functionaries of the Greens but representatives "of the movements" must have the majority in the bodies of the foundation. The foundation must also have room for those "whose political strategy is anti-parliamentarian and whose means do not meet the renunciation of force postulate of the Greens," it is stated in a paper. The differences of opinion among the representatives of the various positions are so wide that the thought has even arisen to merge the various proposals under one "foundation umbrella." For Groesch, that is going too far. He says the different approaches cannot be reconciled and it would "be better" to forget the whole thing in case of a "foundation umbrella."

12356

CSO: 3620/296

SORSA PROPOSAL FOR FOREIGN POLICY NAME CHANGE OPPOSED

Suggested 'Finnish Line' Slogan

Helsinki HELSINGIN SANOMAT in Finnish 25 Jun 87 p 7

[Article: "'Finnish Line' Does Not Receive Support; Politicians Would Prefer to Rely on Paasikivi-Kekkonen Name"]

[Text] Politicians are not abandoning the appellation, Paasikivi-Kekkonen Line, for Finland's foreign policy line, although, in Foreign Minister Kalevi Sorsa's (Social Democrat) opinion, we might very well use the term, Finnish Line, instead. Only Sorsa's party comrade, Pertti Paasio, backs cultivation of the new name.

Sorsa defended the term, Finnish Line, on the basis of the fact that over 90 percent of our nation supports the present line. He proposed the change of name during his visit to Stockholm on Tuesday.

Why Right Now?

"I don't understand why Foreign Minister Sorsa is raising this discussion right now," Center Party secretary Seppo Kaariainen wondered. "Under the present circumstances or at this point in time there is no reason to change its name. The fact that the people of Finland as a whole support the Paasikivi-Kekkonen Line is not a tenable reason," Kaariainen said.

"Paasikivi and Kekkonen constitute the most important pair of names from the standpoint of Finland's existence. They created the line the way we now understand it to be and implement it. The Paasikivi-Kekkonen Line is a sufficiently short and a sufficiently long definition of Finland's foreign policy," Kaariainen believes.

Presidents Conducted Relations

According to the Conservative Party's second vice chairman, Jouni J. Sarkijarvi, the term, Paasikivi-Kekkonen Line, seems natural since it lays emphasis on how Finnish-Soviet relations are conducted at the national leader level. "Paasikivi and Kekkonen set the policy line, not Parliament and not the government."

In Sarkijarvi's opinion, there ought to be some special reason for changing the name. "Perhaps Sorsa will yet return to this issue and tell us what that reason is," Sarkijarvi said.

Ambiguous Finnish Line

"The fact that everyone conceives of the meaning of Finland's foreign policy in the same way does not give us the right to get rid of the names of Paasikivi and Kekkonen," Finnish Communist Party (SKP) first secretary Esko Vainionpaa asserted.

In the opinion of Esko-Juhani Tennila, the parliamentary representative of the Stalinist Communist DEVA [Democratic Alternative], the term, Finnish Line, is ambiguous: "It can mean anything at all. On the other hand, the Paasikivi-Kekkonen Line has an unambiguous meaning."

"Besides, I've noticed that President Mauno Koivisto uses this term and says that he is seeing to it that the Paasikivi-Kekkonen Line continues to be Finland's foreign policy. In my opinion, there is no need to change its designation," Tennila said.

Content Is Decisive, Not Terms

According to Paasikivi Society chairman Jaakko Iloniemi, "it doesn't really matter which words we use because content is the most important thing. I've never been terribly enthusiastic about the fact that there is only a single designation that may be used," Iloniemi said.

"I've used the term, Paasikivi-Kekkonen Line, in my own articles when I wanted to underline the two creative periods. Otherwise, I've spoken of the Finnish Line.

"I don't see that there is anything to get excited about in this; the main thing is for us to understand what is meant by the term each time we use it," Iloniemi was emphatic.

Koivisto Should Not Be Forgotten

SDP chairman Pertti Paasio remains consistent about a change of name. "Every president--the present one too--has continued to develop the policy line and the nation's undivided support is behind the line," Paasio said.

"Everyone knows, of course, what the Finnish Line means. It is to be noted that understanding the term, Paasikivi-Kekkonen Line, also presupposes a knowledge of history.

"This point in time is no worse than any other for changing its name. But a change of name cannot, after all, be decided on administratively. The two terms will probably be used alongside one another," Paasio surmised.

Newspapers Around Country Comment

Helsinki HELSINGIN SANOMAT in Finnish 26 Jun 87 p 10

[Editorial roundup]

[Text] Foreign Minister Kalevi Sorsa's proposal for a "Finnish Line" has inspired several editorials. On an official visit to Sweden on Tuesday Sorsa proposed that the term, Finnish Line, might henceforth be used for Finland's foreign policy line instead of the present Paasikivi-Kekkonen Line.

As grounds for this, he remarked that more than 9 out of every 10 Finns support the present foreign policy line. Furthermore, continuity is an essential part of it and it makes no sense to add the name of every president after Paasikivi and Kekkonen who continues to follow this line.

Arguments for and against a change of name can be found in the press.

Name Changes, Not Line

SUOMEN SOSIALIDEMOKRAATTI views the proposal and the arguments for it as being explicit.

"It is precisely pithiness, naturalness and reality that are behind Sorsa's proposal. It is essential to state that he is not proposing any new line or change in foreign policy.

"The term, Finnish Line, expresses the fact that the foreign policy line our country exercises rests on the will of the people. The Paasikivi-Kekkonen Line has become the property of the entire nation.

"That is why it can be called the Finnish Line without detracting from the symbolic value of the names of our two most important foreign policy leaders. The position they occupy in Finland's foreign policy is unshakable. The term, Finnish Line, does not undermine them. The new name does not change the content of our foreign policy."

No Grounds for Change

SUOMENMAA, the chief organ of the Center Party, does not think that there are sufficient grounds for changing its name. On the other hand, according to SUOMENMAA, we can discuss an extension of the list of names applied to it. There is, however, no need for that either since it will be the job of future presidents to continue to pursue and apply the active, peace-seeking foreign policy created by Paasikivi and Kekkonen. We can, however, use different terms in different contexts.

"Paasikivi and Kekkonen are not known everywhere, not even Finland is. In one context it may be appropriate to speak of the Finnish Line, whereas in another context of the Paasikivi-Kekkonen Line, in which context it is best to start with the neutrality policy.

"The Paasikivi-Kekkonen Line has ended up as our common property because it has best delineated the existing reality. The expressive power of the term has in no way been weakened."

New Name Is Not So Clumsy

The Conservative AAMULEHTI firmly supports the change of name.

"If we want to link Finland's neutrality policy—which retains the Friendship, Cooperation and Mutual Assistance Pact as its foundation—with names, more accurately considered, we ought to speak of the Mannerheim-Paasikivi-Kekkonen-Koivisto Line.

"Now does that not sound needlessly clumsy? So let us adopt the Finnish Line. If this is not good enough for someone, let him swear by the old name."

Rid Ourselves of Personality Cults

In the opinion of the SKDL [Finnish People's Democratic League] and the SKP's KANSAN UUTISET, the new name should have been adopted long since. The term, Paasikivi-Kekkonen Line, is not, according to that newspaper, a felicitous term.

"At least among supporters of the SKDL, for decades we have felt averse to linking Finland's postwar foreign policy with the names of two nonsocialist state officials—in themselves very distinguished statesmen who are worthy of our esteem.

"In addition to the fact that it contains a suggestion of what has the air of a personality cult, we have also been averse to it because by repeating it those political forces that have constituted the firmest bulwark of this line are left in its shadow.

"Paasikivi and Kekkonen would never have been able to successfully carry out the policy line if they had not had the great support the SKDL has represented at decisive moments."

Line Is Not to Be Taken for Granted

The Stalinist Communist TIEDONANTAJA wants to keep the old name.

"The Paasikivi-Kekkonen Line is not only a name; it has concrete content that evolved in the postwar years. This content is the peace policy based on the Friendship, Cooperation and Mutual Assistance Pact. That is, after all, why the Paasikivi-Kekkonen Line has always been criticized by the Right.

"The names of Paasikivi and Kekkonen were rightfully associated with the initiation and establishment of the new foreign policy line and adding the name of a later statesman to the name of the policy line would be no more warranted than it would be in good taste.

"Besides, the Paasikivi-Kekkonen Line is not to be taken for granted today either. On the contrary, we are right now engaged in a struggle over whether

this policy line is to be continued and not everything is self-evident as concerns the key issues either. The conservative forces are trying to get Finland to join the EC and the Council of Europe and, on the other hand, reduce cooperation with the socialist countries.

"So, let's stick closely to the content of the Paasikivi-Kekkonen Line as well as to its name. If we want to use some other terms alongside this one, let them be descriptive of the content of the policy line. Names like the Friendship, Cooperation and Mutual Assistance Pact Line, the Peace Line and the Peace Policy Based on the Friendship, Cooperation and Mutual Assistance Pact."

Much Symbolism in Change of Name

The independent TURUN SANOMAT sees as much symbolism in the abandonment of the old name as there was at the time in its adoption.

"It would undoubtedly also bear witness to the placement of our established foreign policy into broader contexts. With the exception of the USSR and Sweden, the term, Paasikivi-Kekkonen Line, is now an unfamiliar one elsewhere in Europe. Does this small country have anything else [to talk about] than Finland's foreign policy? For some who have studied the matter, it is only a misleading reminder of Finnish-Soviet relations."

11,466

CSO: 3617/119

GORBACHEV-PAPANDREOU CORRESPONDENCE: PRIVILEGED POSITION

Athens TO VIMA in Greek 12 Jul 87 p 7

/Article by Petros Evthymiou/

/Excerpts/ The Papandreou-Gorbachev letters have, indeed, stirred up the already troubled waters of our political life. Certain people, in fact, wanted to convert them right away into the Stygian waters of our political options.

The more "secret" and personal a diplomatic message is the more carefully it is written with fine shades and tones because there is also a possibility of a "leak" either as planned by the sender or as presumed as possible by the recipient.

The Papandreou-Gorbachev correspondence has to a great extent such characteristics. Writing to each other, the two leaders, in essence, address third parties: themselves as well as different ones on each side.

The first conclusion one may come to from a study of the two letters and from what they presume to say is that after 6 years in government Mr Papandreou is seeing one of his most basic foreign policy goals achieved: that is, to upset the one-sided view that "we belong to the West" and to have Greece acquire substance and to be reckoned with by both the eastern bloc and by the nebulous and changing "non-aligned" area.

It is true that this 6-year course of action has been characterized by an empirical method of "successive approaches." It is also true that a lack of realism was very often apparent and exaggerated gestures carried out--without guarantees.

Therefore, the gradual discouragement over--and knowledge of--"the Arab period" was needed, the experience in the difficulty to achieve the North-South "front" was needed and the understanding of the complex state interests of the eastern bloc that determines their policies was also needed so that an "independent foreign policy" might finally come from paths quite different from those that were originally followed.

There is no doubt--and the Gorbachev letter testifies to this--that the special prestige that is recognized in the person of Mr Andreas Papandreou derives, not from the fact that he took the country out of NATO and the EEC, but, to the contrary, because he participates in both, having clearly differentiated positions on summit matters, matters that shape the terms of concurrence with the "other side."

Also, just as Mr Papandreou's special prestige does not come about because our country participates as an observer in the dead-end meetings of the "non-aligned" but because, within the context of the "Initiative of the Six," Mr Papandreou expressed their NATO-European discord.

Finally, just as it is evident that the fact that makes Mr Papandreou a privileged fellow-correspondent of Mr Gorbachev is that his Balkan policy coincides with certain of the "models" of Soviet foreign policy for the relaxation of tension in "zones" of Europe.

The exchange of letters is not the result of only Mr Papandreou's doing.

Mr Papandreou's international move coincides with a new era in the Soviet Union's foreign policy, as Mr Gorbachev understands it and "stamps" it. A policy that seeks new balances on a world-wide scale, especially in EEC's Europe, with tactics much more flexible than the traditional "bipolarization" that distinguished the conduct of the two superpowers.

It is evident that Mr Gorbachev's letter to Mr Papandreou outlines the Soviets' new concept on the role of Europe and Mr Papandreou has not been selected merely as a "messenger" but as a subtle indication of those elements that make such a dialogue proper and possible. Elements that are described clearly in the two letters.

From this viewpoint, therefore, and despite Mr Averof's concerns, Mr Papandreou does not muster merely personal prestige or importance from the dialogue that he is establishing with the leader of the "other superpower."

He is at the same time actively introducing the Soviet Union's leader to those areas of foreign policy that are directly linked to the handling of our own vital national issues and that is not only to his own personal advantage.

At this point, however, practical difficulties are cropping up and even greater problems will appear when the more specialized aspects of the relative problems are touched upon. This is so because three facts clearly stand out from the Gorbachev letter: a concurrence of approach to general issues on disarmament and relaxation of international tensions. A recognition of an identity of views on more specific matters in the European and Balkan area. And, suddenly, by making more specific the issue of a foreign military presence on the soil of other countries "which we propose refusing everywhere," Mr Gorbachev selects the issue of the bases on Greek territory whose withdrawal he entrusts "to the unanimous demand of the Greek people."

Here, the burden is not to be found only in the error--and impropriety--of a sovereign people's discounting of decisions that, moreover, Mr Papandreou clearly and categorically noted and resolved in his letter. It concerns the specific light in which the Gorbachev text places the bases issue, not, that is, as a vital issue of Greek foreign policy in relation to another superpower--indeed, one that happens to be Greece's ally--but as one of the points where the Greek Government must confirm its general positions on the "foreign military presence on the territory of other countries."

In other words, just the opposite from what the Right laments about, that "the Russians are coming," and rewards the KKE as a strong support of Greek interests, the Gorbachev statement is extremely neutral and discouraging on the matter. In his text, Gorbachev, on the one hand, considers it an issue of order and consequence toward a general principle "on the foreign military presence" and, on the other hand, he entrusts it solely to the Greek people, to whom it rightly belongs, but in a manner altogether different from that which the Soviet leader registers (that is, not as a "general principle" but as a national interest).

(Just as it must not be forgotten that there was not even the slightest reference or mention made by Mr Gorbachev to any specific or burning national issues, even to the Cyprus question that could have been one point for a clearer approach.)

Of course, the context selected by Mr Gorbachev was theoretically very evident. However, it is not fortuitous that Mr Papandreou's answer "grounds" the general tone on other national issues too, linking them to the seat of tension in the region represented by Turkey. All of this, of course, does not at all disprove the significance--and usefulness--of the Gorbachev "opening." Simply, however, a cool examination of the text does not justify fears nor bolster hopes that are raised over the Soviet Union's role in our national affairs.

The thing that was gained is that even within the context of Gorbachev's new European policy and thanks to the stamp of Mr Papandreou's distinctiveness in foreign policy, Greece's case is not dependent exclusively on the United States anchor nor is it consumed in the EEC but serves as a preferential point of contact for a Soviet approach in a new form of relations with the countries of the West.

What we are gaining is multilateral support for our foreign policy so that we might, indeed, safeguard our national interests better, since everybody points out to us--and Mr Gorbachev recently--that we must resolve the relative issues all by ourselves. And this must be "unanimously" understood.

5671

CSO: 3521/158

REASONS FOR DENIED MEMBERSHIP IN WEU

Athens EMBISTEVTIKO GRAMMA in Greek 17 Jun 87 p 4

[Text] The Greek government's policy on the Middle East, which in essence differs from that of the other state-members of the West European Union [WEU], and which "contributed substantially to weakening the positions the 12 EEC members adopted in 1986 on terrorism" is one of the basic reasons our country was not accepted into the ranks of this European defensive alliance.

This is the conclusion of the report the WEU parliamentary session adopted and will be binding on the Union's Council of Ministers. The other reasons the report mentions for rejecting the Greeks are:

1. Greece's relations with NATO and the United States are passing through a difficult period and it should not appear that WEU will play the role of NATO's proxy.
2. Greek-Turkish relations have recently gone through periods of high tension. Under such conditions, it is difficult for WEU to accept Greece and Turkey in its rank when Article 5 of the founding Brussels Treaty provides intervention by all countries which signed it on the side of any of its members which would face an armed attack in Europe.

On the other hand, it should be noted that, according to the WEU report, the dogma of a priori EEC participation and WEU membership connections does not apply any more to the current reality in Europe. This means that Turkey, too, could become a WEU member if the aforementioned reasons did not exist.

7520

CSO: 3521/150

MAYOR EVERT'S REPORTED AMBITIONS

Athens EMBISTEVTIKO GRAMMA in Greek 17 Jun 87 p 3

[Text] All signs point to the belief that Athens Mayor Miltiadis Evert is nourishing future political ambitions which are not necessarily intertwined with ND's course and future. According to our reports, Evert, knowing that he has more popular prestige than ND deputies who are friendly to him, figures that it would be difficult for him to claim at some phase in the future the ND leadership.

Therefore, he believes his political future lies in a new political movement which will also have a "consensual character." With this in mind, the Athens mayor is attempting, through the establishment of the municipal radio station, a first effort to turn into reality his future ambitions and portray the man who knows how to reconcile opposing situations instead of creating confrontations. This also explains his many choices of immediate assistants, a fact which has created well-known reactions.

On the other hand, Evert's favorable treatment by the pro-government press increases his prestige in the so-called Central-leftist area where he expects to derive popular support. In any event, the former minister is very careful in his actions, is patient and knows that his "openings" must not lead him to dissention with the ND world.

Well, no matter how things stand, Miltiadis Evert is a rising political personality which will certainly be projected on the country's political stage.

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CSO: 3521/150

PAPER REPORTS CONSERVATIVE OPPOSITION TO ND RISE

Athens EMBISTEVTIKO GRAMMA in Greek 17 Jun 87 p 7

[Text] For different reasons which, however, have some common points, conservative political, financial and diplomatic circles do not want a possible ND victory in the next elections nor any strengthening of the Mitsotakis ND leadership. The opposition of these circles to ND's political rise can be attributed to the following reasons:

--To personal differences and antipathies to the present leadership of the major opposition party and its environment.

--To the assessment that if ND comes to power it will not be able to govern. The result would be social turmoil with more negative consequences to the country's economy.

--To the prediction that if Mitsotakis' position in the party machinery is strengthened, it will mean the political demise of politicians who hope to survive only through his electoral defeat. Such politicians are G. Rallis, G. Boutos, Anast. Papaligouras, D. Livanos and certain others who for some time now have circulated the myth and theory about Karamanlis' return to active politics.

Besides those conservative circles who are anything but friendly toward the ND leadership, one sees similar reactions among leaders in the private entrepreneurial world who openly support PASOK's stay in power. They justify this support with the argument that only PASOK is introducing modernization to the Greek economy that ND would never dare introduce. Others point out that only PASOK could implement today's policy of austerity thanks to which many industrial enterprises have become profitable after a period of losses.

It should be noted that these entrepreneurial circles have also undertaken certain political initiatives whose objective is to encourage formation of new political parties and ND's breakup. Finally, these initiatives are being assisted by diplomatic circles which do not maintain good relations with the ND leadership. In addition, there are certain newspapers and periodicals, which in the name of liberalism are betting on ND hard and effectively.

7520

CSO: 3521/150

INFLUENCE ON RURAL AREAS, YOUTH ON NEXT ELECTIONS

Rural Areas' Importance

Athens EMBISTEVTIKO GRAMMA in Greek 17 Jun 87 pp 11, 12

[Text] Two polls taken in the Athens metropolitan area were published in recent weeks. At the same time election results in the cooperative unions confirmed a substantial increase in the influence of the major opposition party in the syndicalist area. Thus, once again the danger of urban bias becomes a subject of interest. It can demolish the predictions several political analysts made by using mainly (or exclusively) data taken from urban polls without also considering the voters of the semi-urban and rural areas.

If the greater Athens area polls are analyzed it will be seen that about 2 percent of PASOK voters shifted to ND--while the largest part of the undecided PASOK voters (12 percent) did not seem ready to join the major opposition. It can thus be said that ND can assuredly count on a total shift up to 4-5 percent which, however, is not sufficient to give it a majority in the next elections.

In the 1985 elections ND increased its percentage in the greater Athens area by about 8 percent compared to those of 1981. By contrast, its rise in the rest of the country did not exceed 3.7 percent. The radical and premature shift of urban voters to the major opposition party naturally limited the possibility for further shifts.

This is so because in the cities ND should have won not the relocated voters (something it had already achieved) but those who by voting it "would change the ways they saw the world". As we know from studies of human behavior (in politics and other activities) such radical changes do not occur easily and long time periods are needed for their completion. Therefore, ND cannot be expected to absorb the great majority of the dissatisfied PASOK voters in urban centers.

In the semi-urban and rural areas the situation is different because in these areas:

--The ideological position is much less intense. Characteristic is the fact that the percentage of those (in the semi-urban and rural areas) who

count themselves in the Center or Left represent less than 13 percent of the corresponding percentage of those in the greater Athens area.

--PASOK has maintained its strength in 1985 by scoring, especially in rural areas, an amazing percentage of 17 percent--a fact which can be explained only if we accept that in those elections Papandreou's party attracted all voters relocated in those areas.

If we judge from ND's sound successes in the cooperatives (more than 800,000 voters voted) then we can say that the major opposition scored a much greater rise outside the greater Athens area and we can question the reliability of predictions which do not take into consideration the rural areas.

Of course we cannot say at this time that our assessment is final, since the data at hand are still incomplete and outside the Athens area the government has at its disposal a powerful arsenal (TV and the state machinery which influence the rural areas much more than the Athens area). But we can say with certainty that the next elections will be decided in the provinces where both parties will gradually turn their attention.

More Practicality, Less Ideology

Athens EMBISTEVTIKO GRAMMA in Greek 24 Jun 87 pp 9, 10

[Text] In today's analysis we shall examine another critical section of public opinion--the new voters who because of age did not participate in the 1985 elections.

Theoretically, the preferences of these voters should be those revealed by the polls. In practice, however, there arises a very difficult problem. Never or nearly never were the polls able to achieve from the beginning a very representative sample. The pollsters must always assess their results on the basis of the answers given to the question: "What party have you voted in 1985?" and on the final election results (it is characteristic that ND particularly very seldom succeeds in reaching its true electoral percentage as reflected in polls).

Let us see how seriously will the new voters affect percentage-wise the electoral body. It is expected that in the 1985-1989 4-year period 600,000 persons will be eligible to vote and of these, about 500,000 are expected to exercise in 1989 (if elections are held then) their voting right.

On the basis of the 1985 abstention percentage, the number of voters in 1989 (excluding normal deaths) reach about 6.7 million. It follows that the new voters will represent 7.5 percent of the electoral body--a very important percentage.

What are the existing political givens about the attitude of new voters?

--First, we know that in 1981 almost all voters who will be eligible to vote during the 1985-1989 period were under 13 years old and that their personal experience is limited to only the acts of the present government while their political memories about the period "of the large assault for [social] change" are rather vague. Therefore, it is difficult for them to understand the classic "anti-Right syndrome" as well as the appeal of "visions of Change."

--The issues which concern them are less ideological and more practical than those of the previous generation. This is reflected in their overall social behavior and in the very few available data from existing studies. Surely, these two political facts are not sufficient for one to predict what the future political deportment of our young people will be (something that can be established only by a special study). Thus, by necessity, we must resort to the results of the elections in student unions and especially those in past years.

The scanty (published) student election results in past years, the rise of DAP's [Democratic Renewal Vanguard] overall percentage and the results of secondary school student elections show that ND fares better than PASOK among voters who did not vote in 1985.

If we assume that among the voters who became eligible after the 1985 elections, ND surpasses PASOK by 15 percent, then in 1989 this percentage will correspond (after subtracting normal deaths) to an improvement of 1 percent in favor of ND in the final election results. Finally, it must be said that the Left too must expect an absolute improvement of its position by 2 percent.

The general conclusion is that, just as it happened between 1974 and 1981 (and by contrast between 1981 and 1985 when the new voters favored PASOK) the long-term changes to the electoral body will most possibly be at the expense of the present PASOK government.

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NONSOCIALIST PARTIES' LEADERS VIEW FAILED TAKEOVER ATTEMPT

Progressive Leader Defends Action

Oslo AFTENPOSTEN in Norwegian 22 Jun 87 p 2

[Article by Carl I. Hagen, Progressive Party leader: "The Conservatives--A Dishonest Party"]

[Text] In a lecture reproduced in AFTENPOSTEN on Friday Kaci Kullman Five said that I was deceitful. As usual my viewpoints were falsified before they were attacked. I did not use fear of inflation as a basis for our rejection of new agricultural adjustments.

New Demands

What I pointed out was that a new adjustment would cause new demands from other income groups and destroy the moderation line because agriculture would be unfairly dealt with. Then Mrs. Five draws out one of our many proposals for adjustment and tightening of the economic policy in connection with the revised national budget, namely reduction of price subsidies by 600 million kroner, for special treatment. Without looking in that connection at our other proposals, which that is obviously an integral part of. On top of that Mrs. Five neglected to say that 600 million kroner is the gross cut, because 200 million kroner was recommended to be used to increase security and child care as compensation for inflation for families with children and those with the smallest pensions. The Conservative Party vice chairman knew that, but concealed the truth to falsely smear a political competitor. Furthermore Mrs. Five is here attacking a proposal which is in line with the Conservative Party's own views on reducing subsidies, but which the Conservatives this year did not have the courage to propose.

False Propaganda

This falsification comes on top of Conservative Party propaganda that the Conservative Party [H], Christian People's Party [KRF] and Center Party [SP] in the revised national budget undertook a tightening of the economy of 1.7 billion kroner, while the real finance policy tightening was only 155 million kroner in relation to the government's version. The deception and falsity of

H's propaganda is now so great that there is reason to question whether the party has discarded all concepts of honest behavior.

H has received a clear message in both the Finance Committee and in the Storting that proven under-budgeting of expenses which the state is obliged by law to fund, is in conflict with appropriations regulations. Despite that, H pretends to advance entirely fanciful proposals, as for example reduction of an estimated appropriation for unemployment insurance of over 200 million kroner, reduction of loan subsidies by 90 million kroner because of lower amounts loaned out, sale of stocks for 50 million kroner, etc., as financial policy tightening.

Desired Chaos

When in addition the H line at the end of the Storting debate on agricultural adjustment was that nothing should be approved, with chaos as the result, there is serious reason to advise Storting President Jo Benkow, as a man of honor, to give the new, younger and inexperienced H leaders some good and serious advice on honest and orderly behavior.

Christians' Chairman Outlines Goals

Oslo AFTENPOSTEN in Norwegian 22 Jun 87 p 3

[Article: "Bondevik: Value Crisis the Most Serious"; first paragraph is AFTENPOSTEN introduction]

[Text] "The value crisis in society is much more serious than the economic crisis. If the loosening of norms goes further, it will undermine society for generations to come," said KRF leader Kjell Magne Bondevik at a party meeting in Hyllestad, Sogn og Fjordane, on Sunday.

About the political situation the KRF leader said the following, among other things:

"Even though there will not be a change of government at this time, that does not mean that the Labor Party [AP] government can expect Storting support if it puts forth proposals which conflict with majority attitudes. KRF will conduct an objective but critical opposition policy. The government depends on a good relationship with the Storting, and the key role which KRF and the middle parties have we will use to attain the greatest possible influence."

Offensive Voting

Bondevik said that after the end of the Storting session he saw that party members are fully prepared for an offensive input by KRF in the situation which has arisen.

"There is widespread opinion that we cannot conduct continuous discussions which create the impression that a change of government is close at hand. But on the other hand that does not mean that the government can send just any kind of a proposal to the Storting and expect that it will be accepted. On

the contrary, KRF will make clear demands on government policies and be prepared to take the consequences if the government challenges the Storting. It will be especially interesting to see how the government will approach important value questions which KRF is concerned about," he said.

Six Points

In this connection Bondevik emphasized the following six points:

- The value crisis in society is much more serious than the economic crisis. If the loosening of norms goes further this will undermine society for coming generations.
- For that reason KRF in the Storting will raise concrete issues within the following areas among others: child and family policies, temperance policy and school and cultural policy.
- We will carry forward our strong commitment to social justice and increased aid to the third world.
- We will place increased emphasis on nature and resources policy, and an active district policy.
- Within economic policy, we will support a clear central policy course and central cooperation.
- We will seek support for our viewpoints where it is available. The government will know that we have a cooperative platform which is ready if it challenges the Storting majority, emphasized the leader of the Christian People's Party.

Center Party Internally Split

Oslo AFTENPOSTEN in Norwegian 22 Jun 87 p 3

[Commentary by Morten Malmo: "Jakobsen's Heavy Burden"; first paragraph is AFTENPOSTEN introduction]

[Text] Last week H, KRF and SP clashed over the responsibility for there not being a change of government. SP can of course be irritated at both H and KRF, but the party's larger problem is its inner split, rather than its relations with the two other nonsocialist parties. The question is this: Can the party leader, Johan J. Jakobsen, handle the heavy burden he bears.

When the smoke clears after the first verbal exchange of shots, the party leaders must look to the future. But as long as they do not perceive any basis for a future nonsocialist alternative, the uproar will continue and put its mark on the election campaign.

Heavy Burden

At a meeting in As last Thursday, Jakobsen asked H to lock the door to the ammunition storage. He also had a frank discussion with the KRF leader Kjell Magne Bondevik. Jakobsen's heaviest burden is that his party is struggling against the prevailing winds, and sorely needs new groups of voters, but first the inner split must be healed. The heavy load will be lighter if he can bring the split together. Today SP has 12 representatives in the Storting, just enough to have one representative on each technical committee. If the party loses seats in the 1989 election, its possibilities for conducting a unified policy will be reduced.

There is a wide distance between the right and the left sides of SP. There is a mixture of nonsocialist oriented people and supporters of the old-fashioned regulatory policies. Furthermore there are differing opinions on future strategy. This was demonstrated by last week's debate in the press.

In his house organ OSTLENDINGEN Per N. Hagen fired this salvo: "Now the Center Party must once and for all free itself from the confusing grasp of nonsocialist policies!"

Loyalty

One of the party's Storting representatives who was most eager for a government change was Magnus Stangeland. After coming home to Austevoll in Hordaland he spoke out and summed up the situation for BERGENS TIDENDE as follows: "The Center Party must arrive at a unified strategy on the government question. There are differing views in the Storting group, and the demand for loyalty must be the same for all."

There must have been very hard internal debates in the Center Party before the pieces fell into place for the summer vacation. Government skeptics such as Lars Velsand and Ragnhild Queseth Haarstad never hid their views. Those favoring the government extended themselves. Magnus Stangeland says that he wanted to vote for a general no-confidence motion against the government on the revised budget. When he did not do it, he says it was out of loyalty to the party.

It is therefore very clear that party leader Jakobsen has a very difficult task. Nobody envies him as he struggles up the steep hills with his heavy burden.

Christian Party, Conservative Coalition

Oslo AFTENPOSTEN in Norwegian 24 Jun 87 p 5

[Article: "Difficult to Understand SP"; first paragraph is AFTENPOSTEN introduction]

[Text] "Many people have a difficult time understanding how the Center Party could fail to vote for a no-confidence motion tied to the revised national budget, after the treatment the three nonsocialist parties, and especially SP and the farmers, received from the government party in the debate about

agricultural adjustment," wrote Storting representative Kare Kristiansen (KRF).

In a long article in VART LAND Kristiansen discussed the political situation following the nonsocialist breakdown. He maintained that it would be much better also for the SP voters to have a nonsocialist government, rather than retaining the present one.

As for the behavior of the KRF in the Storting, Kristiansen wrote the following:

"In my opinion we conducted ourselves correctly and in response to the desires of most of our voters. If we must reproach ourselves, it would be because we did not make sure of Hagen's support on the no-confidence motion about the agricultural adjustment before it was presented. I also believe that there still is a desire among our voters that we not break our ties with H and SP, but maintain the objective of taking government power during this period if circumstances permit."

The Middle Alternative

About the middle parties as an independent government alternative, KRF's Storting representative from Oslo writes that a government made up of H and KRF seems more realistic.

"In VART LAND, Erling Rimehaug claims that the 'middle alternative' has a better chance. If by that he means a government alternative of of KRF and SP, his optimism seems especially unrealistic," writes Kare Kristiansen, and continues, "KRF's Youth Organization seems to have ideas about closer ties to the Labor Party [AP]. If the party wants to take the chance of such a leap backward it must be very cold, and run the risk of a severe hiding by the voters. On the other hand developments could permit a government consisting of H and KRF, with SP as a supporter in the Storting, as some have suggested."

But neither does this alternative have any realistic possibility in today's situation. Seen against this background the conclusion must be that in the question of government the three parties should be seen as political triplets. Their strategy should be shaped accordingly, concluded the former leader of the Christian People's Party.

Middle Parties Coalition Viewed

Oslo AFTENPOSTEN in Norwegian 26 Jun 87 p 2

[Editorial: "A New Situation"]

[Text] According to their own statements the Center Party leadership is always ready to form a government with the Conservative and Christian People's Parties. But--not just now. Nor can anybody say when. Furthermore Johan J. Jakobsen has said that the main task in the future will be to establish the "middle policy" as an independent alternative to both the Conservative and Labor Parties.

On the one hand it is therefore the goal of the Center Party to be able to govern together with the Conservatives, while on the other hand they want to be seen as an alternative to the same party. There is marked consistency or continuity in that. But that should not be expected in a situation which is marked by confusion and incapability. In the nonsocialist camp political leadership has clearly ceased to function.

From what we are now experiencing of a parliamentary crisis in the kingdom, one can easily see that a little confusion here and there does not matter. It is typical that KRF, which during the decisive voting the other day stood together with H to destroy the AP government, has begun to orient itself back to the "middle policy" cooperation. In any case Kjell Magne Bondevik has recently acknowledged that he still regards the Center Party as his party's most important cooperative partner.

Whatever perspectives are indicated by that we can with confidence leave to the voters to decide. Some have no doubt noted a statement by the leader of Center Party Youth, Marit Arnstad, who considers that "belief in a combined nonsocialist policy is dangerous if the Center Party wants to be independent and strong."

In the foregoing situation, with the complete absence of a government-capable nonsocialist alternative, Gro Harlem Brundtland and her government can maneuver in fairly risk-free waters. With the formation of the economic policy it will hardly be any great problem to get the necessary support from SP and KRF. During the past year in government AP has deftly utilized middle policy trends, and after this latest parliamentary clarification the psychological foundation is largely laid for further advances.

A coordination of KRF and SP viewpoints, which we can anticipate, will give the government a new occasion to seek a settlement on the more sensitive points in the budget. The Conservatives can begin to prepare now, and form their conclusions with an offensive position on the Conservatives' own conditions. That could have decisive importance in the Storting election of 1989, if not before.

Conservatives' Leader Views Future

Oslo AFTENPOSTEN in Norwegian 25 Jun 87 p 3

[Article by Storting representative Lars Roar Langslet, Conservative Party: "Uncertain Situation, Weak Government"; passages within slantlines published in italics]

[Text] The tug of war over government power during the past weeks has in some circles been as depressing as the Norwegian summer weather.

In this contest there were two special moves which surprised many.

One was that the Progressive Party [FRP]--with its extremely antisocialist facade--for the second time cast its two votes to ensure long life for the

Labor Party government. The explanation was that Hagen could thereby ride on a wave of votes, which were compact in his own party, against "enormous extra appropriations" for agriculture. The fact that it was not a question of "enormous extra appropriations" did not matter, because so many believed that it must be so.

Center Party Discord

The second was that SP was at first agreeable to working out a complete government program, but then voted against a new government which would put that program into effect. The explanation for this is less obvious, but well known: the party is in discord against itself. Two SP Storting representatives would rather have an AP government than a government containing their own members. Fearing that the discord would grow to disintegration, the majority allowed them to succeed.

Some will no doubt dismiss that as a confusing deviation from the normal pattern. In reality it reflects a new political situation which remarkably few have formed a sober picture of. It was created in the election of 1985, but has become clearer since.

- It must now be seen as a myth that the present Storting has a "nonsocialist majority." /The truth is that there is no majority for any of the traditional blocs./ As long as two plus two representatives on the presumed "nonsocialist" side more or less openly prefer a Labor Party government, they have an established superiority--but that creates an especially uncertain foundation for governing.

- The uncertain parliamentary situation and the change of government last year have led to a /strong downgrading of the political contrasts between the government side and the nonsocialist side./ That is primarily because Prime Minister Harlem Brundtland has undertaken a radical reorganization of Labor Party policies from the opposition side, and has laid her political line as far toward the moderate middle as possible, in both domestic and foreign policy. On the nonsocialist side the desires for a new government to be formed have acted as a brake on the parties' own self-emphasis. The result has been a greater degree of consensus, which can make it difficult to distinguish clear alternatives.

To expand on that one should consider the new government's relations with the Storting during the past year.

In brief, this has been rather commonplace--approve every conceivable change in the government's actions, or even renounce the government's right and duty to make proposals. Especially illustrative is the tax issue, which the Labor Party has always before given top priority: Here the government was satisfied with outlining certain alternative models--and when it still got something entirely different in the Storting, as the result of nonsocialist cooperation, the Labor Party approved it immediately to avoid any hint of a crisis.

To Remain in Power

When it comes right down to it, the government therefore has no other policy than /to remain in power at any cost./ In everything which must be decided in the Storting, the Storting acts like an expanded executive committee, and approves results without a murmur. In exchange the members of the government can busy themselves undisturbed with the thousands of daily decisions which do not require Storting action--or travel abroad to solve the problems of the world.

The division of tasks delineated thereby is something new. We have had many minority governments, but none which have neglected to exercise their authority to achieve success for their policies (when they have any).

Previously it has been a measurement of a government's strength that it is able to get the most possible of its measures through, especially the important and difficult ones. According to this measurement the government in power is undoubtedly /the weakest we have had during the entire postwar period./

Cyclic action in the political system is worrisome. When the government stops playing its part in our form of government--that of taking the initiative and advancing unified policies--it gradually drains the balance from the system.

How can it be that for large parts of public opinion this government still is considered an especially strong and vigorous government?

The most important explanation is probably pop-journalism's massive entry into the media, which more and more shapes the surface picture of politics according to the tabloid model--AFTENPOSTENPOSTEN of course excepted. Insightful analysis which digs under the surface is pushed aside by giant posters carried with enthusiasm which create enthusiasm.

In the Center of the Picture

In the center of this surface picture stands Prime Minister Harlem Brundtland, visual guarantor of the government, bursting with energy and genuine desire for power. And viewers are invited to enjoy the simple belief that as she appears, so must the condition of the government be.

The prime minister is obviously not responsible for this "media-twisted society" which is now also invading politics--even though her image fits so brilliantly into it. She is also, according to serious measurements, a significant politician with most unusual energy--without that strength, which is very real, she could hardly have fit the media picture which more and more overshadows political realities.

But the special type of magic which makes an extra weak government appear to be an extra strong government fortunately exceeds the prime minister's powers. It has its own explanation in the effective cliché world of pop-journalism.

Willoch Attacks Brundtland Government

Oslo AFTENPOSTEN in Norwegian 27 Jun 87 p 3

[Article by Storting representative Kare Willoch, former Conservative Prime Minister of Norway: "Voters Deceived"; first paragraph is AFTENPOSTEN introduction]

[Text] The government is creating the impression of vigor and success in its work. One reason why many believe that is that the political debate has been unilaterally marked by questions about a government crisis and problems of cooperation on the nonsocialist side.

Thorough illumination of what is really happening in society and weaknesses in the government's work have been put in the background. Then broken promises can be suppressed, and bad results can be presented as good. The opposition must now be ready with domestic assignment of guilt, and give the highest priority to illumination of what must be done better in the governing of Norway.

At her press conference on Midsummer Eve the prime minister claimed that the government has made "greater inputs in important and selected areas." Which are those? Before she became prime minister Gro Harlem Brundtland promised "quick solutions which in a short time would shorten the lines waiting for health care and make the health services capable of meeting the growing demand." But there has been no improvement, and many would say quite the contrary.

New Versions

The prime minister also claimed that "through tax reports and negotiations in the Storting we have now laid the foundation for extensive reform of the tax system in future years." The fact is that when this Storting report finally came, after numerous delays, it was so full of unclear questions that all the parties had to prepare new versions. But there is still significant disagreement between AP and the nonsocialist parties on taxes.

While AP was in the opposition they demanded lower interest rates. After the change of government we have had the highest interest rates of modern times. The government should not blame others, but should acknowledge that it has used increased interest rates as a tool, and then we can discuss whether it was the right tool. The Conservative Party believes that sharper reduction of state expenditures will reduce the state's need to borrow money, and make it possible to reduce interest rates.

But the government is relying on both interest rates and inflation to come down. After new records in both areas the answer must be: Not on your life! Now it is considered a victory that they hope inflation will come down to a level higher than it was when the AP government took over!

The high level of interest is a special burden for the young, especially when living costs are rising. But the prime minister soothingly says, "measures

are being taken which will strengthen the position of young people in the housing market, including expanded framework for housing loans and building of rental accommodations." These are good measures, but they will be of little help in relation to the burden resulting from the general rise in interest rates. We must solve the housing problems of youth by concentrating more of the money used for housing subsidies for those needing housing for the first time.

Freedom Debate

The Labor and Conservative Party congresses made promises of a more fruitful freedom debate: Away with unnecessary monopolies and regulations which impede initiative and versatility! But the actions of the government stand in contrast to these words. A new proposed law will prevent short range radio and local TV from supporting themselves through advertising, and thereby prevent any real competition with NRK [Norwegian National Broadcasting]. The Conservative Party must carry the fight for independent broadcasting further, until we get that versatility in the ether which freedom of speech demands in our time.

Hesitation

It is especially deplorable that an issue which should bring cooperation across political lines advanced so little in the spring session, namely the fight against the disease AIDS. After much hesitation the government announced a proposed law about special measures against HIV infection, and said that it must be dealt with before summer. But the proposal has not yet come from the government. There is less being done to detect HIV infection now than was done routinely before to detect less serious venereal diseases.

A comparison between the Labor Party promises before the change of government and actions after that time shows that the promises have not been guideposts for what the party is using its power to accomplish. Broken promises are not the fault of the opposition. It is not a good enough excuse that the decline of oil prices makes it impossible to fulfill all the promises, because it was said that guarantees to the voters would be fulfilled even if the price of oil declined. And neither the fallen price of oil nor the increase in private consumption in 1985 can excuse breaking the promises which were made after the fall of oil prices in 1986. The point is that the Labor Party was successful in the past election by making promises which they knew, or should have known that they could not fulfill. The voters were deceived. But if in the next election the proof of this is known by the voters, the election campaign will be conducted on issues and the concrete solution of problems.

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POLL INDICATES GAINS FOR PROGRESSIVES, DECLINE FOR LABOR

Polled Before No-Confidence Vote

Oslo AFTENPOSTEN in Norwegian 27 Jun 87 p 3

[Article by Finn Langeland: "Progressive Party Advances, Conservatives and Labor Retreat"; first paragraph is AFTENPOSTEN introduction]

[Text] Increasing support for the Progressive Party [FRP], loss of support for the Labor Party [AP] and Conservative Party [H]. Those were some of the results of the June poll conducted by the Norsk Gallup Institutt A/S. Carl I. Hagen's advance by two whole percentage points is not, however, the result of his turning thumbs down on a change of government over the agriculture disagreement. The poll was taken during the period 1-13 June, and thus covered only the preliminaries of the nonsocialist breakdown.

The results for AP in the June poll (39.0) showed a loss of two percentage points. One would have to go back to last November to find a worse result for the government party. The Conservative Party was also weaker in the June poll, with the support of 31.6 percent of the voters.

The Christian People's Party [KRF]--which for two months in a row has been at about 7 percent--gained 0.7 percent in the June poll, and is now at 8.1 percent. On the other hand the Center Party [SP] lost 0.5 percent and now stands at 6.0 percent, exactly where it was in March this year. That is worse than the results of the Storting election in 1985, but not so bad that the party's representation in the Storting would be significantly weakened if the election were held today.

Clear Majority

The fact that the Socialist Left Party [SV] also lost (from 6.5 percent to 5.7 percent) indicates a large weakening of the socialist bloc, which now adds up to 44.7 percent. The three-party alternative--H, KRF, SP--also lost support, but is one percentage point ahead of AP and SV together. Including FRP the nonsocialist bloc totals 50.9 percent. In other words, election results similar to the political barometer for June would produce a clear nonsocialist majority in the Storting.

In the parties which are not represented in the Storting there were only small changes. It is obvious that the Liberal Party [V] is having a hard time. The June poll does not offer any great hope to Arne Fjortoft and his colleagues in the party before the forthcoming municipal and county elections. Their June figure was 2.4 percent, clearly below the 3.1 percent of the 1985 election.

The Winner

The winner of the month among the 958 of those over 18 who were queried is undoubtedly Carl I. Hagen. And that was before his well-known "no" vote on the agriculture no-confidence issue. A local poll in Bergen indicates that Hagen and FRP can soon see further gains resulting from his behavior in the "crisis," but there will be no way to measure that until August.

Second Best

In the accompanying material there is some information about the "second best party." With the movements now being seen among the voters it is interesting reading. For example, half of the FRP voters consider H as the second best party. And 31 percent of the H voters consider Carl I. Hagen as their second choice. Only 10 percent of H voters can imagine voting for SP, while 11 percent of them believe that AP is "second best."

Every fourth member of KRF says that H is his second choice, while 22 percent of the SP voters asked said that Rolf Presthus and company was their second choice. Twenty-four percent of SP voters consider KRF as the second best party. In KRF 28 percent said that if the election were tomorrow their choice for second best party would be SP.

Parties Ready Election Campaign

Oslo AFTENPOSTEN in Norwegian 27 Jun 87 p 3

[Article by Morten Malmo: "Labor Party Confident--Nonsocialists Split"; first paragraph is AFTENPOSTEN introduction]

[Text] The Conservative Party is relying on its own evaluation of itself. So do the Christian People's Party and the Center Party. The two latter parties want furthermore to tell the voters that a "middle policy" is an alternative to both the Conservatives and Labor. "We are the only credible alternative." "It is we who can govern the country," the Labor Party is saying. The government party wants to take full advantage of of the split which exists in the nonsocialist camp.

It now appears that this will be the main theme of the election campaign before the municipal and county election. Even though we are having a local election this year, it is national politics which will decide the election. This is largely because of the dramatic conclusion of the Storting's spring session.

The election campaign will begin with SV on 13 August. Then will come SP on 15 August and H on 16 August, while KRF and AP will delay awhile. They will

start their campaigns on 22 August. FRP has not decided yet when their campaign will begin. That is partly because the 100th anniversary of AP will be celebrated on 21 August.

All of the three former government parties have given a clear signal: We will rely on our own evaluation of ourselves in the election campaign. The party leaders will of course be cautious about starting a full "civil war" in the nonsocialist camp, remembering the unsuccessful nonsocialist race against the government offices. But the three parties will not give in to each other when their workers meet the voters. All three parties hope to be able to steal voters from each other. That also applies to relations between KRF and SP, even though both parties claim that they both represent the "middle" in Norwegian politics.

Favorable Election Wind

The government party's strongest card in the election campaign is the nonsocialist split. Furthermore AP is eager to tell anybody who will listen that despite everything the Norwegian economy is improving. Among other things the expected reduction in inflation will be diligently used, because the nonsocialist parties love to describe AP as "the inflation party." The main message from AP will be that the government, even though it is a minority government, solves problems, that the results of investments are now showing, and that the present government represents security, not chaos. Prime Minister Gro Harlem Brundtland should therefore have favorable winds. It now appears that only "working mishaps" could possibly prevent a favorable election outcome for AP.

Health Care Lines

During election campaigns lines for health care cause problems for every government in office. In the last election campaign Gro Harlem Brundtland used to "hammer" on this issue against the Willoch government. The three parties have not forgotten this, and they are now preparing their counterattack. H, KRF, SP and SV have all put health care and social policies--especially care of the elderly--on their political priority lists for the election campaign. This can cause the government problems.

Environmental Policy

AP, SP, V and SV will furthermore concentrate on environmental policy in the election campaign, a theme which probably will have major influence both in the political arena and in local politics. On this issue V will probably have its only chance to create a profile. But there is a danger that the party will be drowned out by the other parties concentrating on this theme, because these parties will also have a greater "list of offerings" for the voters.

The Districts

When the top politicians in the election campaign travel from one end of the country to the other, they must also have speeches about district politics with them. Three important reasons for this are: the result of the

agricultural disagreement, the local elections of this year and the fact that in recent years North Norway has experienced great emigration. All parties want to distinguish themselves on these issues. The election campaign can therefore become a debate on district politics. The conflict about the use of the establishment law could blow up again.

Economy

Word has come out of the H headquarters that the party will concentrate on a "total economic strategy." Furthermore the party desires to start a debate about division of work in society between the private and public sectors and about training policies. KRF will, not unexpectedly, focus on value questions. Party leader Kjell Magne Bondevik has said several times that this is a more important theme than a debate about "kroner and ore." SV will heavily criticize AP because the government party--according to SV--has followed a middle course. In addition SV will turn the spotlight on the role of the banks.

Barometer

Even though the election of 14 September will be a local election, it will give an indication of how the voters are reacting to the turbulence in national politics since the Storting election of two years ago. Will AP strengthen its position? Are the nonsocialist voters disappointed that there has not been a nonsocialist government, or do they like the possibilities given by opposition policies for establishing themselves? Is Carl I. Hagen's FRP being punished or rewarded? Can SV take voters away from the modernized AP? Is V on the way up again? The answers to these questions will be given by 3.2 million voters in September.

Center Party Decline Continues

Oslo AFTENPOSTEN in Norwegian 29 Jun 87 p 3

[Article by Einar Solvoll: "Clearly a Punishment Reaction"; first paragraph is AFTENPOSTEN introduction]

[Text] "A punishment reaction by the voters against what happened on the nonsocialist side just before summer vacation. The Center Party is in serious difficulty, and the Conservatives must also be concerned. The Labor Party fears dissatisfaction among nonsocialist oriented voters." These are the political reactions to the figures of the first opinion poll since the Storting went on vacation.

According to figures from the poll taken by A/S Opinion, AP advanced by 3.3 percent to 43.4 percent, while SP was almost halved with a decline of 2.8 to 3.6 percent. H declined 2 percent to 26.2 percent. FRP advanced by 1.7 percent to 6.8 percent--and the other parties were relatively unchanged.

Food for Thought

"I do not believe that this is a permanent swing, it must be mostly caused by the situation," said Einar Forde, the AP parliamentary leader. "But the figures give food for thought. It is surprising that SP voters, according to the basic material, are going to AP. The long term trend for H would concern me if I were a member of that party. AP is moving slowly, and that indicates that the voters are satisfied with the work of the government. It is also something new that voters from FRP step forth and admit that they are voting for that party, and they are proud of it," said Forde.

SP chairman Johan J. Jakobsen is convinced that different opinion polls show directly opposite tendencies in comparison with each other in relation to the SP. He believes that the fact that voters are moving from SP to AP confirms that it was correct not to bring down the government over the revised national budget.

Punishment Reaction

"I believe we must see these figures as a punishment reaction from the voters directed especially at SP, but also at H," said the Conservative Party parliamentary leader Jan P. Syse. "This is just something we must accept. But had we succeeded in our effort to regain government power, I believe the figures would have been entirely different. And then the picture would also be different," said Syse, who also believes that the nonsocialist voters will return.

Serious for Center Party

"But for the Center Party this must be very serious," said Jan P. Syse. "For the Labor Party the advance must mean that the voters are satisfied with the government. They forget the neglect of the party to introduce measures against the lines for health and social welfare, against devaluation and inflation. But in the midst of all the nonsocialist problems, AP has managed to appear unified, and that is how the people like it," said Syse.

Unbelievably Foolish

SV leader Hanna Kvanmo had this comment: "It seems incredible. And I believe that this picture is correct at this time," she said.

She added that the nonsocialist parties had behaved in an unbelievably foolish way toward their voters. "It is not possible to get people to believe that they are serious when they move forward with such hanky-panky as we have experienced," said Hanna Kvanmo.

"But the long term trends are correct--that AP is moving forward, the nonsocialist parties are moving backward, and SV remains steady. I believe that is clearly related to AP being in power, and the people are not dissatisfied with what the government is doing for the time being," said Hanna Kvanmo.

Conservative Paper on Poll

Oslo AFTENPOSTEN in Norwegian 29 Jun 87 p 2

[Editorial: "Strong Swing"]

[Text] The large and somewhat dramatic Gallup swing following the latest confrontations in the Storting does not come as a surprise. Adjustments of a more political character are, in our experience, not very "saleable," and are seldom understood beyond their actual contents and in their full scope. It takes time to get the message out. On the other hand people who have just become aware of the storm in government could experience very strong spontaneous reactions. It is these who have been caught up in an opinion poll which Opinion A/S conducted for the Labor press at the beginning of last week.

Advances for the Labor and Progressive Parties, retreats for the Conservative and Center Parties--these are swings which most political observers have been able to predict. While the fight over agriculture was going on in the Storting there were many who understood the nonsocialist initiative as giving the farmers additional income which wage earners in industry and business were not getting. That was not true, as it later turned out, but many people believed the vulgar propaganda and reacted to it.

This especially applied to a number of Conservative voters, which again explains the advance of the Progressive Party. Large segments considered it totally unheard-of that the Conservative Party would choose to have a government crisis on a proposal of "special treatment" for farmers. The Conservatives therefore did not succeed in going forward with their own justification, which of course had a much wider perspective than was widely expressed in the mass media.

When certain commentators interpreted the Center Party's dramatic decline as if the dispute over agriculture was not a good enough crisis issue for the party's voters, we found it difficult to agree. Let us recall the background: The government's proposal for agricultural adjustment had created a veritable storm in the countryside and caused the largest farmer demonstration in memory. It was said that the future of agriculture was at stake. Then it was--to put it mildly--unlikely that the "grass roots" of the Center Party would turn the party's back because that would cause an open confrontation with the government about conditions in the agricultural business. And if one were an opponent of the government crisis in general, one would believe that the party's voters would be satisfied that Jakobsen and Company opposed the no-confidence proposal offered on the revised national budget.

The explanation for why the Center Party was almost halved after the crisis disagreement in the Storting must therefore be something else. What must have been fairly obvious for all is that the Center Party for 12 hours refused to take the responsibility of government, and thereby eliminated itself from the possibility of shaping a better policy both for agriculture and the country as a whole.

When it paradoxically happened that the Labor Party still holds government power, two parties are to blame: The Center and Progressive Parties. The popularity which Carl I. Hagen has been basking in during recent weeks could therefore prove to be relatively short-lived.

SIGN OF CP DECLINE: PARTY LACKS CANDIDATES FOR OLD STRONGHOLD

Oslo AFTENPOSTEN in Norwegian 2 Jul 87 p 3

[Commentary by Kjell Hanssen: "The Last Communist"; first paragraph is AFTENPOSTEN introduction]

[Text] There is a report from Telemark that an epoch in Norwegian politics is coming to an end. Industrialized Grenland was once one of communism's footholds in our country, but in Lardal the Communist Party is not running a list of candidates, either in the municipalities or the county. "It would be a shame if 300-400 thrown-away communist votes should give the nonsocialists a victory," said county commissioner Jan Rugstad.

He is correct in that this could decide the election, for Telemark is a so-called balance county. Where it is still known where the Center Party would count up votes.

Life After Death

Therefore the communists will not be counted up at all, and here the NKP [Norwegian Communist Party] reveals a much greater sense of reality than the other parties which like to believe that they have a life after death. In every election for the last 40 years, steadily fewer voters have utilized the NKP list of candidates. It began lavishly in 1945, when fraternization (and rehabilitation) was total, and 11 percent voted for NKP. In the Storting the party had 11 seats. But the cold war, the unstoppable inner conflicts and Einar Gerhardsen's thundering speech on Krakeroy drove the sympathizers away.

Later, on the average, NKP was halved every four years. Until now, as the bowed-down county commissioner of Telemark begins to bring the party to a conclusion.

Untypical

Or can one? Probably yes. But it is not certain. The party was finished once before, toward the end of the period between the wars. In 1936 the party ran only one list of candidates, in Bergen, and with little success. That was only 13 years after the founding of the party, in 1923, when the big split on the Left gave the communists 13 of the Labor Party's 28 Storting seats and 11

of the 44 newspapers. But everything was lost, until it came back again in the ecstasy of peace in 1945. In order to evaporate again.

In the big picture of history, 1945 was not a typical year, the year when NKP ran for election not as a Communist Party but as a national liberation movement. That happened once, and never again.

Thousandths

But why cannot the NKP once again be measured in the thousandths? Despite everything another marxist-leninist sect, AKP(m-l) [Workers' Communist Party (marxist-leninist)] has held fast to several tenths of the voters. If they can keep going, why cannot the original communists?

There are several reasons. Partly it is probably less of a burden to be suspected of wanting to sell Norway to Albania than to Moscow. And partly because AKP(m-l) does its recruiting in an environment which is growing (better educated) while NKP has been a genuine workers' party. The party has been strongest in the working group which has gone backward the most--forest workers. Even its recruiting foundation has been eliminated.

Old Age

Partly it is a question of age. Communist parties are rigidly organized. That gives strength, discipline and vigor in the younger years. But as time passes, the organization becomes a congealed capsule, and it becomes the job of the established old members to hold the young ones tighter still. Until the young members give up the attempt to penetrate the organization, and the veterans are left with it all to themselves.

If this is combined with strong dogmatic interest and a still stronger ability for dogmatic conflict, there is a party which is complete unto itself. At its last congress the NKP took three days to elect an executive committee, and never succeeded in electing a chairman.

It must be left to the executive committee to select a new party leader. Which in the same connection voted to condemn the attempts to limit Kongsberg Vapenfabrikk's trade with the Soviet Union. NKP can be difficult to keep an eye on because it has become so small. But we know where it is.

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POLL FAVORS FREITAS DO AMARAL AS PSD CANDIDATE

Lisbon SEMANARIO in Portuguese 12 Jun 87 p 64

[Text] According to a poll commissioned from NORMA by the European People's Party and conducted in May--SEMANARIO has had access to the results--60 percent of PSD [Social Democratic Party] voters felt that Cavaco Silva should have invited Freitas do Amaral to be an independent candidate on the PSD ballot. Only 30 percent of those voters felt that the invitation should not have been issued.

On the other hand, 57.4 percent of the PSD's voters felt that if Freitas do Amaral had been invited, he should have accepted, and 73 percent of CDS [Social Democratic Center Party] voters also felt that Freitas do Amaral should have accepted the invitation to be on the PSD ballot.

As regards Adriano Moreira's invitation to the former centrist leader to be on the CDS ballot, it was found that that party's voters approved of the invitation, but that the PSD's voters did not: only 34.7 percent approved, while 51.7 percent said that Freitas do Amaral should refuse.

Another interesting aspect of this poll, for which a sampling of 1,000 persons throughout the country was used, has to do with the way in which the voters identify the parties.

It showed that 72.4 percent identify the PCP as Communist, 70.6 percent identify the PS [Socialist Party] as Socialist, and 53.1 percent identify the CDS as Christian Democratic. But the difficulties arise when it comes to identifying the PSD (41 percent cannot identify it) and the PRD [Democratic Renewal Party] (which 54.5 percent cannot identify).

The PSD is identified mainly as "European rightwing" (25.3 percent), liberal (20.3 percent), or Christian Democratic (10.7 percent). The PRD is identified mainly as liberal (16.2 percent), Communist (12.7 percent), or Socialist (12.4 percent).

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CSO: 3542/104

SHIPS' PARTICIPATION IN MANEUVERS

Athens TA NEA in Greek 30 Jun 87 p 8

/Text/ Kavala. From our correspondent Pavlos Alisanoglou--The departure of the fleet from Kavala and Thasos was speeded up by several hours. The 10 vessels had put into Kavala and Thasos and had been scheduled to remain there until yesterday afternoon. According to an official message, TA NEA asked Vice Adm Khr. Lymberis, fleet commander, the reason for the speed up of the fleet's departure. He answered, "We are in a period of maneuvers that are now in the process of being held."

The vessels that had put into Kavala and Thasos were the frigate Elli, the destroyers Sakhtouris, Aspis and Lonkhi, the missile-carrying frigates Mykonos, Laskos, Aetos and Panthir and the fast attack craft-torpedo Esperos, Tyfon and Blessos, commanded by Vice Adm Leonidas Vasilikopoulos, GEN /Navy General Staff/ chief, and Rear Adm Vangelis Lagaras, fleet chief of staff. Some of the vessels sailed into the Aegean and others into the Strymonikos Gulf where the Greek air and sea "Tempest 1.87" maneuvers were being held and that were scheduled to end at dawn today.

Taking part in the maneuvers were all units of our fleet and air force. Moreover, army units stationed on the islands of the eastern Aegean cooperated in various phases of the maneuvers.

The purpose of the maneuvers was to provide training in technical and tactical matters.

Postponement of Maneuvers

The landing maneuvers scheduled for the mountain areas of Kavala and Drama, with the base of operations being the closed port of Eleftheron Pagaiou, were put off for later. No date was given.

An unexpected big "flood" of tourists into the area that probably would have caused difficulties for various phases of the maneuvers contributed to the postponement.

It should be noted that the region had been visited during the last 10 days of May by 12 high-ranking NATO officers from the Naples command, headed by Italian Gen Fitsio Antonelli.

ARMED FORCES' REASSIGNMENTS FROM HEADQUARTERS TO FIELD

Athens I KATHIMERINI in Greek 9 Jul 87 p 14

/Text/ Armed forces personnel, now serving at headquarters on various staffs and in positions the nature of which does not offer the possibility of providing special useful services, will shortly be reassigned to front line field units. The above will take place within the context of the attempt by the Ministry of National Defense to reorganize and restructure the three armed services.

As Mr Kharalambopoulos stated yesterday, gigantism, if not hydrocephaly, had become prevalent in the various staffs. Specifically, he said the following:

"A redundant luxury had been observed in the staffs. Staff chiefs and even officers themselves are espousing the effort to free manpower and to reassign it to field units. Certain air force units that were anything but necessary have already been eliminated. In the army, the effort is continuing in a satisfactory manner, while in the navy not much has been done because the possibilities are lesser given the fact that the number of officers in this service is comparatively smaller.

"I must point out that the GES /Army General Staff/ is implementing--in accordance with my personal orders--in a most satisfactory manner those ideas on the restructuring of the staffs that includes the elimination of non-essential units and also the merger of others."

Subsequently, Mr Kharalambopoulos acknowledged that there will be some cost coming out of this matter, particularly for officers who will be reassigned to units far from headquarters but he maintained that there will not be any problem or difficulties since the criteria are rational and correspond to modern needs.

More specifically, military units and field components are not the only ones to benefit from this restructuring. The civilian personnel of the Ministry of National Defense will also benefit, while generally speaking there will be flexibility and speed in making of decisions.

At the same time, he added, studies are now being made on how to improve the conscript selection process, to determine the criteria for selecting officers who are sent abroad as well as to select permanent non-commissioned officers.

On the other hand, views critical of this decision to restructure the military have already been expressed and continue to be expressed.

Experience from the merger of two air force commands and also from certain other specific decisions and actions show that some confusion exists with as yet unknown effects on the ranks of the armed forces.

Military observers raise the following question with regard to the new dimensions of the overall issue provided yesterday by the minister of national defense: why, then, so many mass retirements of officers since there is an excess of cadres--as it is being maintained?

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CSO: 3521/158

GREECE

MILITARY

BRIEFS

REPORTED RUMBLINGS IN THE NAVY--Failure of the Navy's policy and of its leadership to effectively promote the program for construction of new frigates has caused strong dissatisfaction. As a result the circular Navy Chief Vice Admiral L. Vasilikopoulos sent to appropriate services requesting data needed for preparing international specifications for the construction of "16 corvettes of 1,000 to 1,200 tons each" was confronted with anger. Senior Navy officers think that following this circular "the time will just go by" and there will be no need to exert pressure on the political leadership of the National Defense Ministry on the issue of the frigates. [Text] [Athens EMBISTEVTIKO GRAMMA in Greek 17 Jun 87 p 3] 7520

CSO: 3521/150

RECENT 'ALBATROZ/87' NAVAL EXERCISES PARTIALLY SUCCESSFUL

Test for Possible 'Deficiencies'

Lisbon DIARIO DE NOTICIAS in Portuguese 5 Jun 87 p 5

[Text] The minister of defense considers that the "Albatroz/87" military exercise, which ended in the Azores yesterday with a troop landing on Faial Island, was a test of the military forces involved.

In the opinion of Ribeiro de Almeida, who was speaking at a meeting held to review the operation for landing Marines, paratroopers, and Army elements on that Azorean island, it also involved an "evaluation of possible deficiencies" in combined operations by the three branches of the Armed Forces.

After the exercise had been described in detail, General Fernando Vasquez, operational commander of the Air Force, said that it had made possible the use of electronic warfare equipment in the Azores for the first time. He said that Faial Island had been chosen as the setting for the maneuvers "because of its vulnerability to infiltration by highly specialized groups."

The amphibious attack on Faial Island, at which the minister of defense was present, began in the early hours yesterday, the objective being to recover that parcel of Azorean territory from the "enemy forces" which supposedly had occupied it.

Also participating in the meeting held to review the exercise were Rocha Vieira, minister of the republic for the Azores; Mota Amaral, chairman of the Azorean government; and high-ranking military officers, notably Admiral Sousa Leitao, Navy chief of staff.

Maintenance Seen 'Miracle'

Lisbon O DIABO in Portuguese 9 Jun 87 p 10

[Text] The recent military maneuvers in the Atlantic islands showed that Portugal has little to complain about as far as the human element is concerned but that from the standpoint of equipment, it has quite a bit to find fault with. One FAP [Portuguese Air Force] officer told us it was a real miracle that Portuguese repair shops were able to keep certain planes and helicopters in flying condition. Those same maneuvers were watched with interest by Madrid, which is always attentive to new developments in Portuguese offshore defense.

GENERAL: NATO, WARSAW PACT PLANS CHALLENGE TO AIR DEFENSES

Stockholm SVENSKA DAGBLADET in Swedish 9 May 87 p 3

[Op Ed article by Lieutenant General Bengt Lehander, commanding general of the Eastern Military Command]

[Text] The Commission on Defense notes that the threat from the air is going to increase in the future. That perception was already present in the 1982 defense decision, which included the decision to begin development of the JAS system and to keep four Draken fighter squadrons, a number that has since been reduced to three.

The buildup of air combat forces by the big powers has led to, among other things, longer ranges and gradually increased capability for aerial self-defense against assault operations deep inside enemy territory. Combined with the development of intelligence and command systems, that facilitates substantially greater operational freedom of action and effectiveness in the use of air combat forces.

Great Freedom

The carrying capacity and range of helicopters is increasing. This influences both transport capability and purely combat missions. Helicopter-borne units can be assigned new missions affecting the course of a battle.

The progress made with ships now provides great freedom as far as resources and methods for landing troops and materiel are concerned. Air-cushion vehicles and helicopters can also be used to land units in areas where navigation conditions are difficult or where mines have not been cleared.

The mobility of ground units is increasing as new light armored vehicles go into service and as more and more support functions are designed in such a way as to reduce their dependence on roads.

Chief Resource

The combination of increased air, sea, and ground mobility gives an aggressor greater freedom when it comes to making unexpected choices between areas

suitable for major operations and those suitable for more limited tactical operations.

The peacetime organization of our air combat forces that already exists makes those forces our chief resource for dealing with unexpected situations. They exist as a permanent force and can be quickly deployed in threatened areas. Their performance is very effective. If the opponent can be denied air supremacy over his chosen area of operations, his freedom of action will be limited to a great extent, while our own will increase to a corresponding degree. The mobilization and force buildup of our other combat forces is guaranteed by our air defense capability.

There is also the fact that if Sweden does remain neutral in a clash between the Warsaw Pact and NATO, there will probably be demands for access to Swedish bases and airspace as well as demands that those bases and that airspace not be made available. NATO's ability to operate from air bases in southern Norway may play an important role even in operations in Central Europe.

From NATO's standpoint, and for the same reason, expanding NATO's air base facilities in Scandinavia would substantially improve its possibilities not only for air operations but also for all other operations in general. The possibilities for using Scandinavian-based aircraft in actions against important industrial areas and ports in the Soviet Union and against Baltic transportation routes to the central front in Europe are obvious.

For us, then, it is a matter of living up to our commitments as a neutral state and being able to maintain our independence. The surest way to do that is to maintain a strong air defense which can take action against intrusions and make our situation credible.

Swedish airspace is violated from 25 to 30 times a year in peacetime. It is to be feared that that number will increase in aggravated situations, when exercises and other kinds of military activity will be intensified. Threats to Sweden's security may arise even at levels of conflict less serious than a war between the big power blocs and even under conditions which we regard as calm and peaceful.

One reason is the antagonisms of various kinds between the big power blocs, and another is the military activity by those blocs in our immediate vicinity for the purpose of training and exercising units, testing materiel, and gathering intelligence. The scope and nature of such activity have been influenced by the greater strategic importance of the North European area.

Will and Ability

Situations dangerous to security may arise unintentionally as a result of ordinary exercises and intelligence activity. An example is extensive violation of Swedish territory in connection with major exercises. Such situations can also be the result of deliberate attempts to influence us or our immediate surroundings through planned violations for intelligence purposes or to test Swedish preparedness.

If the international situation reaches an even higher level of escalation, the military threat may become more serious. There may be a greater willingness to use force of arms in response to incidents. It will then be essential for Sweden to show both its will and its ability to uphold the country's territorial integrity by preventing or deterring violations of our airspace.

The only forces capable of doing that are manned aircraft with crews capable of assessing the situation. An antiaircraft missile system does not have that flexibility.

Early Buildup of Strength

The defense bill states that access to Swedish territory, including our airspace, may be of considerable military value to each of the big power alliances in the context of a war between them. The advantage of being able to use Swedish territory and the threat to the opposite party that such capability represents is reinforced by military-technical progress and especially the increased ranges possible with the tactical air forces of the big powers. The advent of long-range cruise missiles is also important in this connection.

It is stated that the mission of the air defense force is to be in readiness for early deployment in strength in different parts of the country to prevent Swedish airspace from being used for overflights or for attacks on Sweden. Our counteraction is to be directed both against air combat forces and against cruise missiles.

Our air defense force must be able to counter an attacker's first assault and transport operations in the air at an early stage. Mobilization, military operations, the civilian population, and all other facilities and activities in the total defense organization must be protected.

Seems Illogical

It therefore seems illogical not to take advantage of those resources which can be put back in shape at small cost to strengthen air defenses. Work to modernize and extend the service life of enough aircraft for a fourth fighter squadron of 35 Drakens should be started. That squadron can then be organized when the situation with pilots and technicians in the Air Force makes it possible to do so--and that will probably happen around 1990 or 1991.

That squadron can then be replaced with a squadron of JAS-39's at the end of the 1990's--a simple operation for both the Armed Forces and the aircraft industry. Compared to current plans, production capacity in the 1990's will have to be increased by only two aircraft per year.

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CSO: 3650/159

REPORTER VISITS ASW MINE STATION

Stockholm SVENSKA DAGBLADET in Swedish 9 May 87 p 8

[Article by Sune Olofsson]

[Text] Only a trained eye can detect Sweden's secret mine stations along the coast. They are an important component in our defense against foreign submarines and divers. Today SVENSKA DAGBLADET is able to publish unique pictures from a mine station somewhere in Sweden.

For the first time, the Armed Forces have shown a mine station from the inside. The condition was that we would not reveal its exact location. The main reason for the secrecy is the danger of sabotage.

"The only thing we will say officially is that a mine station consists of equipment for underwater surveillance," says Per Brissman of the Navy Staff's Press Section.

Sweden has a large number of mine stations located at important narrows and at approaches to inshore channels and military installations. The job of the personnel is to monitor instruments and, in case of serious incidents, to trigger mines which they hope will blow the passing foreign vessel to bits.

"The mines are among the most powerful weapons we have for use against vessels that violate Swedish territory," says Lieutenant Roland Pettersson, who commands the mine station.

Equipment at the mine stations has been modernized recently as a result of the many submarine intrusions. New stations have been built, and new warning systems have been put in place.

The mine stations can be operated either manually, with personnel, or automatically with no personnel. The new equipment, which not only records sounds but also provides readouts on a printer, ranks with the most modern equipment available from the world's defense industry.

A mine station is almost always located near a beach. Warning and detection loops extend into the water from the station. When a foreign vessel passes,

the warning loops and microphones respond inside the station, and a tape recorder is turned on at the same time. It records propeller sounds, which are then compared with data in the Navy Staff's sound library.

"What I am showing you now is strictly secret," said Roland Pettersson as he held up a sketch showing how loops and mines are laid out.

If the crew feels that an intrusion has really occurred, permission to fire is requested at the highest level--from the OB [supreme commander of the Armed Forces] personally. Only then can local military commanders give the order to explode the mines.

During the incident in Hars Bay, there were many rumors that the trapped boat had been allowed to escape for political reasons--that Sweden did not dare take the risk of blowing up the minisubmarine. It is a fact that there was a remarkable cease-fire at one mine station at a critical point in Hars Bay. Since permission to fire comes from the OB, it is probable that the OB consults with the minister of defense or the prime minister to determine whether a foreign submarine can be blown up, indicating at least the possibility of a political decision.

"It is completely impossible to let a submarine escape in secrecy. Too many people are involved in such a decision. My knowledge of the officer corps leads me to say that a trick like that would immediately leak out," says Jan Tuninger of the Defense Staff's Information Section.

It is almost impossible for a recreational yachtsman to detect a mine station, which in most cases is concealed in the terrain, with grass covering its roof and walls. Only a couple of small iron doors reveal the presence of something special. A station consists of three rooms: a firing room, where the mines are triggered with special keys, an equipment room, and a room with four bunks for the personnel. In the room facing the water is a narrow slit for visual observation.

"There is no heat here. It can get awfully cold in the fall," says Roland Pettersson.

The mine stations are not permanently manned. Roland Pettersson considers that a mistake.

"My personal opinion is that we should have crews on duty around the clock so that we can know more," he says.

It is true that the passing of an unidentified vessel sets off an alarm, but the personnel must still get to the mine station, read the instruments, reverse the tape, and then make a quick analysis of what may have happened. Moreover, our own ships are constantly passing by.

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CS0: 3650/159

ARMED FORCES EAGER TO BOOST GOTLAND DEFENSES WITH MISSILES

Stockholm SVENSKA DAGBLADET in Swedish 10 May 87 p 7

[Article by Sune Olofson]

[Text] Visby--The Armed Forces are probably going to get four new heavy shore missile batteries. But there will be a quarrel over where to put them. The military command on Gotland considers it obvious that one should be stationed on Gotland's east coast.

"The politicians and military strategists must realize that Gotland may be the first part of Swedish territory we will have to defend. It is important for the Armed Forces to have striking power here," says Colonel Hakan Soderlindh, chief of staff of KA-3 [Gotland Coast Artillery] in Farosund.

Politicians Have the Right

At the moment, neither OB [Supreme Commander of the Armed Forces] Bengt Gustafsson nor the politicians know who will finally decide where the shore missiles will be placed.

"The politicians obviously have the right to earmark one battery for a special area. The OB has operational responsibility and has therefore asked whether he has the right to move that battery after a political decision is made, but he has not received an answer," says Jan Tuninger of the Defense Staff's Information Section.

Sweden has only one heavy shore missile battery today. When the Commission on Defense presented its report, there was talk of acquiring one more. The defense bill was submitted some time ago, and in it, Minister of Defense Roine Carlsson recommended four new shore missile batteries. The idea is that the old one, which is deployed mainly in Blekinge, should be replaced. The bill states that "deployment on Gotland should be given special consideration."

Mobile Battery

A shore missile battery consists of Saab's RBS-15 missiles, which are carried on trucks. A heavy shore missile battery is therefore a mobile battery. A

missile has a range of about 60 miles. It can knock out the most powerful warships in the Baltic Sea.

A missile battery consists of one staff unit, one missile platoon, one fire control platoon, and one supply platoon for a total of about 120 men.

The military command on Gotland has calculated that one missile battery in the vicinity of Far Island would have a range extending to the median line in the Baltic and could also defend large areas of central Sweden.

The distance between Farosund and Oxelosund is the same as that between Farosund and Ventspils in Latvia.

Liberal Party Favorable to Gotland

"The politicians sometimes talk about Gotland as though it were a handicap--as though it would be hard to defend. I do not share that opinion. Gotland is not a disadvantage but an advantage as far as Swedish defense is concerned. The Swedish Armed Forces here are an advance party that can detain and defend. A heavy shore missile battery on Gotland would have a strong delaying effect during an invasion," says Hakan Soderlindh.

The Liberal Party is favorable to deployment on Gotland.

"It would be an important signal to the rest of the world that we intend to defend Gotland. The defense of Gotland is not just the defense of an island, but also the defense of central Sweden," says Hans Lindblad (Liberal Party).

Worn-out Bunkers

The Center Party is also recommending deployment on Gotland.

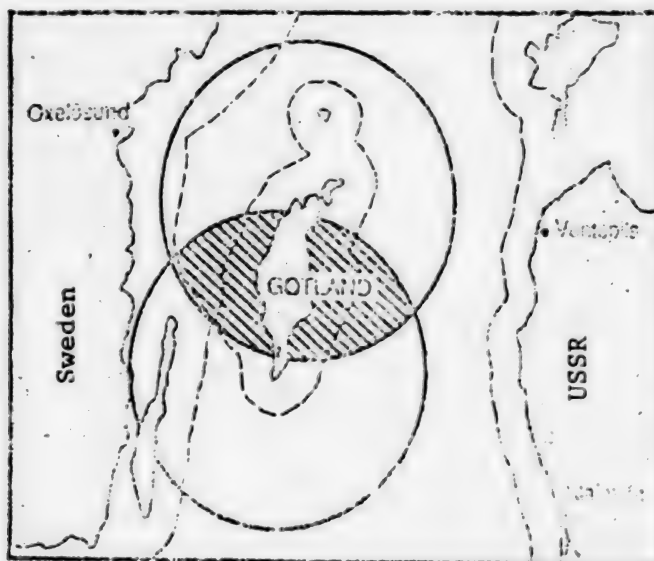
"We prefer deployment on Far Island, from where the shore missiles would be effective all the way up to Aland," says Gunnar Bjork (Center Party) in Gavle.

According to Hakan Soderlindh, only the Conservatives have opposed deployment on Gotland.

"That is not true," says Gothe Knutson, a Conservative member of the Standing Committee on Defense. "We are open to it, but we feel that the OB is the one who should decide."

Gotland currently has old cannon, worn-out bunkers, and poor antiaircraft defenses which do not even have nighttime capability. The island also lacks advanced surveillance ships in peacetime.

The new shore missiles are expected to arrive at their units in the mid-1990's. Training is to take place beforehand.



The location of new missile batteries will be the subject of a quarrel. "It is important for Gotland's defense force to have striking power," says Hakan Soderlindh, chief of staff at KA-3 in Farosund. The military on Gotland feel that a missile battery in the vicinity of Far Island would have a range extending to the median line in the Baltic and also be able to defend large parts of central Sweden.

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CSO: 3650/159

ARMY'S NEW ARMOR MODERNIZATION PLANS SEEN THREATENED

Stockholm SVENSKA DAGBLADET in Swedish 19 May 87 p 8

[Article by Sune Olofson]

[Text] The Army's new generation of armored vehicles is currently causing a lot of anguish. It will cost about 23 billion kronor over the next 10 years if the Swedish defense industry develops and produces the armored vehicle of the 1990's and 2000's.

Purchasing the vehicle abroad would reduce that figure by between 30 and 40 percent.

"My dream is that the Swedish defense industry will be able to come up with a new family of armored vehicles. The development potential and the know-how should remain in Sweden," says Olle Goransson (Social Democrat), who is a member of both the Commission on Defense and the Parliamentary Defense Committee.

The problem is whether the Army can afford to invest in the light Combat Vehicle 90 while also having the Swedish defense industry develop Tank 2000. An alternative is to buy the popular West German Leopard 2 tank.

"Cheap Leopard"

"I think we should invest in the Leopard. We can probably buy it very cheaply, since the West Germans have already paid its development costs," says Hans Lindblad, the Liberal Party's defense expert.

The Center Party's defense expert, Gunnar Bjork, is impressed by the Leopard. He himself has test driven it.

"It can fire at two targets simultaneously while traveling at a speed of 78 kilometers per hour. I don't believe we can afford both Combat Vehicle 90 and a Swedish tank of our own."

OB [Supreme Commander of the Armed Forces] Bengt Gustafsson has also hinted that a Swedish tank would be too expensive. The Conservatives have not yet

taken a stand on the issue, says Olle Aulin, a member of the Parliamentary Defense Committee.

Four Vehicles Today

The Army currently uses armored vehicles of four types:

1. Tanks 101, 102, and 104 (Centurion). In the units since the early 1960's, this tank weighs 55 tons. Was upgraded quite recently with a new engine and increased combat capability that includes, among other things, a laser rangefinder.

2. Tank 103, also called the S Tank. It arrived in the mid-1960's. It has a high rate of fire and a low profile but cannot fire while moving. Upgrading is underway: engine and transmission are being replaced, and lasers and tracers are being installed.

The modernized tanks are considered capable of remaining in the wartime organization until the turn of the century.

3. IKV-91 (light infantry support tank). Weighs 20 tons. Currently used mainly by Norrland units. Good in snow and water, but has poor protection (only 50mm to 60mm of armor). A regular tank has from 200mm to 600mm of protection in front.

4. PBV-302: a light armored personnel carrier weighing 13 tons. Used to carry troops to the front line. In the units since the late 1960's. Fast, but poor in snow. Carries a 20mm automatic gun useful only against lightly armored targets and slow-flying aircraft. Its service life has now been extended to the year 2000.

Fast Vehicles Needed

Experience with the wars in Vietnam and Afghanistan shows that the big powers are going in for antitank helicopters and air drops behind the front. Trenches and combat restricted to the ground are disappearing more and more from modern conventional warfare. It is therefore necessary to find a defense against flanking units. This requires fast vehicles with good cross-country capability--armored vehicles capable of carrying out several missions.

Bofors and Hagglund have been developing Combat Vehicle 90 over the past few years as a complement to the IKV. Preliminary studies began in 1981.

"There is now a so-called test rig that can be driven. A full-scale prototype is in production and will be delivered this fall," says Major Sten Edholm, head of the Army Staff's Equipment Section.

Combat Vehicle 90 will weigh 20 tons, and plans call for seven versions, all with the same chassis. The vehicle is a so-called splinter-protected armored vehicle with an 11-man crew: vehicle commander, driver, gunner, and eight armored infantrymen.

Poor Splinter Protection

One reason why the Army wants Combat Vehicle 90 is that Swedish troops have poor splinter protection during transport and while advancing. The Army consists of about 500,000 men in the field. Today's soldiers do not even have bulletproof vests.

The seven versions of Combat Vehicle 90 are the following:

Combat information vehicle, fire control, mortar/salvage, antiaircraft vehicle, missile vehicle (Bill), and vehicles with 40mm or 25mm guns. Each vehicle is estimated to cost between 10 million and 12 million kronor.

"An order for Combat Vehicle 90 will not be issued until 1990 at the earliest," says Jan Dinell, section head in the Ministry of Defense.

The vehicles will reach the units a couple of years after that.

The original plans called for delivering 1,500 Combat Vehicle 90's to the Army during the 1990's for deployment all over the country. It has now been decided that there will be barely over 450, all in Upper Norrland. The money for 450 vehicles--4.5 billion kronor--has already been allocated.

Heavy Tank

With its light armament, Combat Vehicle 90 cannot knock out a heavy tank. So the Armed Forces and the politicians are being forced to think about a new heavy tank at the same time.

"A Swedish version of Tank 2000 is under study," says Sten Edholm.

According to Olle Goransson, a Swedish tank would cost from 35 million to 40 million kronor, whereas the West German tank can be had for between 15 million and 20 million kronor.

Hans Lindblad thinks that Sweden can buy the Leopard for even less than that.

The tank issue will be resolved in the 1992 defense decision.

11798

CSO: 3650/159

APPROVAL TO PURCHASE 10 SUPER PUMA HELICOPTERS

Stockholm SVENSKA DAGBLADET in Swedish 26 May 87 p 6

[Article by Erik Liden]

[Text] The Air Force is going to spend nearly 400 million kronor to purchase 10 new heavy rescue helicopters from AEROSPATIALE [National Industrial Aerospace Company] in France. Those 10 helicopters will replace the 10 Boeing helicopters currently in service, four of which will be transferred to the Navy for an ASW role.

The deal with France also calls for the start of cooperation with the French in the area of arms technology. The French have also promised to place orders in Sweden as compensation for the Swedish helicopter order. Sweden is entering into indirect cooperation with one of the world's largest arms exporters--the consequence of very liberal arms export legislation in France.

The government has given the Air Force and the Defense Materiel Administration (FMV) permission to purchase the French Super Puma helicopters. The first two helicopters will be bought as replacements for the two Boeing HKP-4 helicopters that will be modernized and turned over to the Navy for ASW duties before this year is out. According to a previous decision by the government and the OB [supreme commander of the Armed Forces], two more HKP-4 helicopters will be transferred in 1989, and the Navy will then have 14 modern helicopters for antisubmarine operations. At the same time, the Air Force will buy the last six Super Pumas as replacements for the HKP-4's. The deal will be completed over a 3-year period.

In 1984, AEROSPATIALE offered its Ecureuil helicopter when Sweden was in the market for 20 antitank helicopters, but that order went to the FRG's MBB [Messerschmidt-Boelkow-Blohm] in Munich. In the final competition, the West Germans got the contract with their BO-105's, and that contract is now worth just under 400 million kronor. The Air Force also bought four BO-105's for local rescue service in its air wings.

In the final competition for this new helicopter order, the Super Puma was competing with the U.S. Sikorsky Black Hawk, which many people in the Air Force were recommending. SVENSKA DAGBLADET has learned that AEROSPATIALE was

chosen for various reasons, the deciding factors being the more advantageous barter purchases and the technical cooperation that was offered.

In Sweden, the state-owned FFV [National Industries Corporation] in Linköping and Arboga and Saab-Scania's Aircraft and Helicopter Division in Linköping and Nyköping will both obtain maintenance and support contracts in connection with the order.

Helicopter deals easily become inflamed because the big manufacturers around the world do not have full workloads, with the result that they fight tooth and nail for new orders. The helicopter industry is simply too large, partly because of the diminished need for helicopters in North Sea oil production.

11798

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PAPER FEATURES DEBATE ON SUBMARINE VIOLATIONS

[Editorial Report] PM131337 Stockholm SVENSKA DAGBLADET in Swedish carries on page 3 of its 1 and 2 July editions, in its "General Debate" column, articles by armed forces commander-in-chief Bengt Gustafsson and moderate coalition party leader Carl Bildt. In the wake of recent criticism of the way in which submarine violations are reported in Sweden. In a 2,000-word 1 July article Gustafsson defends the General staff record in this area, pointing out that since the submarine 137 Harsfjarden incidents it has been possible to conclude that "foreign underwater activity has taken place in Swedish territorial waters," although the evidence on which this conclusion is based is insufficient to allow either a detailed analysis of the purpose of such intrusions or an assessment of the origin of such violations. The sensitive nature of the information contained in reports on submarine violations also means that "certain information has to be suppressed" in order to keep the violating nation in the dark. The commander-in-chief says that these factors together explain the often vague phrasing of reports, but that there is no reason to change the approach adopted by the armed forces. He does, however, propose changes in the publication of reports so that one report covering the entire summer, when the majority of violations take place, is published in the fall.

The 2 July Svenska Dagbladet carries an 800-word article by moderate coalition party leader Carl Bildt on the problems of submarine hunt reporting. Bildt is critical of the "extreme caution" of reports published in recent years and calls for "better information," suggesting that reticence in reporting can be taken as a sign that Sweden is prepared to tolerate submarine violations while too-detailed reporting would make life easier for intruders. Bildt calls on the armed forces to make public any proof they may have for large-scale operations along the Swedish coast and to provide better information on any violations in the future.

No further processing planned.

/12624

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STATE SECRETARY DITZ ON BUDGET DEFICIT, SPENDING CUT, TAXES

Vienna PROFIL in German 15 Jun 87 pp 18-19

[Interview on the budget situation with OeVP Finance State Secretary Johannes Ditz by Christoph Kotanko and Franz Ferdinand Wolf: "To Put it Mildly, a Catastrophe"; date and place not given]

[Text] PROFIL: Mr. State Secretary, the government has been in office for barely four months and there are already horror reports from the budget front: without emergency measures this year's deficit will exceed the draft budget by 10 to 12 billion.

Ditz: That is correct but does not change anything on the fact that it is a rehabilitation budget. As Wifo has only recently established, the Red-Blue coalition would have had an 85 billion deficit.

PROFIL: That is exactly where you end up, too.

Ditz: We have slimmed it down by 10 billion but the economic situation has further worsened at the same time. The nationalized industry and a few structural factors have been added and therefore we are going to exceed the draft budget unless we take countermeasures.

PROFIL: The profit and loss statement is quite simple: receipts are 5 billion less and expenditures, 5 billion more.

Ditz: Yes, but if we had accepted the liberal draft, the deficit would be around 95-100 billion--and thus Austria's credit standing would be jeopardized. We have safeguarded the credit standing and in the closed-door meeting have provided a tightened expense package to remain considerably below 80 billion when the budget is implemented.

PROFIL: Now it shows up what had been asserted when the budget was prepared: too optimistic assumptions of economic growth and unrealistic hopes for increasing tax receipts.

Ditz: Budgeting was extremely cautious. But in the case of the enterprise taxes not even the receipts of last year have been achieved thus far.

PROFIL: Exactly. The corporation tax provides 3 billion less than expected.

DITZ: To put it mildly, that is a catastrophe, but has nothing to do with the development of the economy. We have immediately reacted and at the half-year mark canceled the investment bonus and reduced the savings promotion because the multiplicity of exceptions leads to an abuse of the promotion measures.

PROFIL: In spite of the package of tax measures of last week's closed-door meeting, the planned deficit will be shockingly exceeded.

Ditz: No tax measures were set up, only budgetary savings. We do not yet know how the economy will operate in the second half of the year and therefore took expansive measures. The package of measures is designed to assure that the rehabilitation course of the government will be maintained. We have decided to provide regulations very quickly for the innovation pot so that the enterprises know who is entitled to the promotion measures. This will undoubtedly not be a subsidy crutch for deadbeat enterprises.

PROFIL: But Hannes Androsch, who has already applied for his poor CA multicorporate enterprises, will not be happy about that.

Ditz: I do not see Steyr included but the allocation of funds will depend on the individual projects.

PROFIL: We know enough about these declarations of intentions of offensive strategies. But you will have to make deep cuts in protected areas.

Ditz: We have always known that a painless rehabilitation is not realistic. Therefore we are going to tackle in future, too, the sacred cows which are partly purely lobby interests. In the area of the building and loan associations e.g., it is a problem to pay a bonus of the magnitude of 3 billion and thus assure a yield of about 9 percent. Or it is close to improper use if in the school area overtime pay is provided for no-school periods. After all these are things we can no longer afford.

PROFIL: You are not even getting to the well advertised 1989 tax reform without encroaching on "vested rights."

Ditz: No measures will be placed on the revenue side prior to 1989.

PROFIL: Promise?

Ditz: Definitely. Otherwise the tax reform would be undermined. It can be accomplished by the fact that in one fell swoop exemptions are canceled and the tax rate is radically lowered. As a result I expect a real improvement in the tax revenue. At present the marginal tax rate is so high that the people think only of tax avoidance and evasion of taxes.

PROFIL: The well advertised 100 days for the tax reform last a little long.

Ditz: We could have done it in 100 days but we had the problem that, with the adjustment of the wage and income tax, a massive advance action was taken instead of making it part of a regular reform. Thus 12 billion was lost, which is now missing. We are going to present the rough concept of the tax reform by the end of 1988.

PROFIL: At present you have the budget for the coming year. In the closed-door meeting all ministers were enjoined to reduce their expenditures by 8 percent. That is after all unrealistic.

Ditz: This involves budget guidelines. We have said 92 percent of the amounts budgeted and thus wanted to avoid that wish lists are submitted. Reductions are undoubtedly not being made in a linear manner. For there is a pot of 15 to 17 billion for concentration of efforts. We are going to establish focal points in the field of research, innovation and environmental protection. But there will have to be big cuts especially in the large ministries.

PROFIL: Where are the cuts being made?

Ditz: We have established a big limit of expenditures for agriculture and that must be maintained. Agriculture will get a little more next year but compared with the past rates of increase it is a real minus. Undoubtedly there will also have to be discussions about moderate across-the-board wage increases and the question of overtime pay. It is no longer acceptable that we spend 12 billion for overtime alone. There must be reductions.

PROFIL: When is that going to be done?

Ditz: Overtime is being reduced even now by 5 percent and we are considering additional legal measures to stem the personnel costs and the overtime costs, respectively. In times of unemployment it is a little perverse to excessively foster overtime. This field must undoubtedly be thought out in the tax reform and in the system for raising salaries. In general what is involved is to find a fair compromise: those socially

weakest are to be exempt but otherwise all groups of the population must be burdened with the sacrifices necessary to get once again into the offensive.

PROFIL: Being on the offensive--we hear that all the time. Please give us at least one quite concrete example.

Ditz: The offensive components of the future in my opinion lie, e.g., not in an increase of fostering the labor market--that would again be defensive--but in noticeable deregulations. We must create general conditions which permit new enterprises to develop. This achieves more than a poorly funded new promotion action, which moreover is accessible to centralists only.

PROFIL: How big is the new indebtedness really permitted to become in the next fiscal year?

Ditz: It is a stated goal of the federal government to aim for a net deficit in the order of magnitude of 4.4 percent of the GNP. In absolute figures, that is between 70 and a maximum of 73 billion. But you must not forget that a part of the measures now approved--e.g., the reduction of the promotion of savings and of the investment bonuses--will not really take effect until next year.

PROFIL: This means that in the coming year you must save once again 10 billion.

Ditz: The investment bonus alone will provide us with 2 billion next year. In addition we are going to step up privatization. Next year, I am sure, I am going to see AUA on the stock exchange. And if we sell 20 percent of the Ill Works, this also constitutes income without costs. It is not so that we are only going to reduce. But in Austria a state quota of 50 percent has been established--and there rehabilitation is also a question of finance political intelligence. I am convinced that, e.g. in housing promotion, the same or even more can be achieved with less money. As part of the stretching-out process, each province is to carry out the model adequate for it. The distribution of the funds can also be much better controlled. At present the federal government and the provinces counteract each other.

PROFIL: We are back again with soft plans. But the budget rehabilitation is painful even now. Is the government going to hurt us even more?

Ditz: We are not in a harsh phase and for a short time it will hurt us even more. Then we are over the worst and have leeway for tax reform which entails noticeable relief. Budget rehabilitation is really the

central question of the entire economic policy. Therefore we must accept pain.

PROFIL: The '89 tax reform thus will confirm an old rule: Something has to be taken away from people to be able to give them something.

Ditz: No. We take something away from some lobbies to give something to the people at large. In truth we make a zoned strategy change from more state to more private initiative.

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CSO: 3620/281

HANSENNE ON UNEMPLOYMENT, LABOR COSTS, JOB CREATION

Brussels KNACK in Dutch 10 Jun 87 pp 12-16

[Interview with Minister of Labor and Employment Michel Hansenne by Chris De Stoop; date and place not specified]

[Text] For the "job control" already announced months ago by Minister Michel Hansenne, we shall have to wait until Sunday falls in midweek. An interview with the minister of labor and employment.

Last week the overall unemployment figure tumbled once more under the 500,000 mark: there are still 497,121 jobless persons. During the past four months, that number decreased constantly, but all told can still not compensate for the spectacular increase of unemployment in December and January. Yet the minister of labor and employment calls the situation satisfactory. Minister Michel Hansenne (PSC), a man who according to his acquaintances always bubbles over with creativity, has more difficulty, however, with his so-called "job control" program: that operation, meant to be a kind of conclave, a counterpart to the budget control measures, was in recent weeks once again announced and then postponed, and will probably be reduced to a mere appendix to the budget conferences for 1988.

[Question] Hailing from Liege as you do, is it not frustrating for you to keep having to announce decreases in unemployment that are happening almost exclusively in Flanders?

[Answer] I am not frustrated, but the government must indeed take this phenomenon into account. That you will also find in the report that I have drafted in connection with job control. Over the past 20 years, Wallonia has fallen faster and deeper than Flanders, and thus now needs more time to climb back up out of the pit. But during the last four or five years, a Walloon renewal has been in evidence, especially under the influence of Melchior Wathelet. Unemployment is effectively worse in many regions of Wallonia than in Flanders, although Limburg, the Westhoek and the Antwerp Campine deserve extra attention. I have never made a distinction between communities--a Fleming out of work is the same as a Walloon out of work--but now in an employment policy, it is high time to apply selective measures to specific districts. It is stupid to think that a wealthy region can continue to exist undisturbed next to a poor region, without offering specific assistance.

[Question] Minister Eyskens says that the Happart problems cost the government a great deal of money. Do you say that Happart also costs jobs?

[Answer] The problems of the communities do cost jobs, of course, for they weigh heavily on the economic situation: they cause unrest in those business enterprises that raise questions about the future of the country. But that is made still worse by the people who make the public believe that a new government reform can offer a solution for our community differences. As long as Flemings and Francophones live in a country called Belgium, community inequalities will arise there. It is precisely the reality of Belgium to keep on seeking a good balance. As a convinced francophone and a union federalist I prefer to wrangle with my Flemish friends rather than to pull out of our particular national design.

[Question] It costs jobs, you say, and a new government reform would be harmful, but meanwhile, it is your own party in particular that stirs up the embers within the community, even demanding new language laws!

[Answer] Yes, but one cannot hide the problems under the table, either. I do not think that the PSC is the guilty party. When a new situation arose in Voeren--in which the government was not at fault--we had to look for a regulation. There was an equilibrium there that was broken by the Provincial Council. That institution has come up with a rule that goes against the way people had lived for 20 years, and that disturbs the francophones. What is more deserving of criticism is the attitude of those who say: Happart, the sheriffs, etc., etc., and we cannot manage all of that without new governmental reforms. It is my sacred conviction: either Belgium is a place for balances and permanent negotiation tables or Belgium ceases to exist.

Laughing Matter

[Question] Your job control was postponed from week to week. Is the government not very interested in it?

[Answer] For a number of government officials, job control is a very limited activity--nothing more than a bookkeeping chore: Look at the harm the Pentecost Plan did and see how we are compensating for that. We counted on the private sector to take care of compensations via its central agreement. And in December of last year we adopted a number of supplementary measures, but it is still too early to measure their effect. The goal for 1987 was a stabilization of unemployment; and according to the latest figures, we have attained that goal: even including the older employers, there are still 905 more jobless persons than there were a year ago. Other ministers saw job control as an evaluation of five years of measures dealing with employment.

I personally see it in still broader terms: I make a distinction between a policy for employment--the repercussion from the entire financial, economic and social policy on the job market--and the factors that affect the job market, as implemented by the minister of employment. We must now evaluate the policy as it favors employment and ask ourselves which objectives we still want to achieve by the end of this legislative term.

Now then, I am not shocked because on some Friday or other the ministers' council wants to avoid making a decision on job control. I am just delighted that a farther-reaching macro-budgetary debate is getting started, taking into account the net balance to be financed, fiscal reforms, the social burdens. I do not think that my colleagues consider job control a laughing matter. The PSC states that the reform of fiscal burdens as well as social burdens must take place at the same time, and Dehaene wants to make social security more favorable to employment. It would really be a laughing matter, and I would laugh heartily myself, if people accepted small improvements.

[Question] In the case of budget control we can use precise norms, but for job control not a single norm has been proposed.

[Answer] But things do not work that way in employment: A job is not something you create by law; you can indeed improve conditions that favor the creation of jobs, but you are never certain of the result. So what is going to happen now? We have drafted a joint statement on education and employment, because training programs are indeed one of the keys to the creation of jobs, certainly for young people. That dossier is being explored by the Verplaetse study group. Furthermore I shall be sending the government two other reports: the current status of unemployment and an analysis of all the measures that we have taken. Finally, I shall also be introducing shortly a 40-page statement concerning what I call the employment policy, in which I also make new proposals. Let me summarize my evaluation statement for the government.

Our GNP has followed the same trend over the last five years as during the previous five: a very weak growth-rate. From 1977 to 1982 that produced a loss of many thousands of jobs, but during the next five years it even permitted the creation of new jobs. We have enjoyed that moderate growth to the maximum. But do not be fooled into thinking that something similar will also be possible during the next five years. Why not? Because in 1982 we came up very late with designs such as part-time work, for which thousands of people were waiting, and that is no longer the case now.

The government has carried out a policy to improve the financial situation of industry, and with good results: their profits have increased dramatically. On the other hand, in order to economize, the government has increased the cost of labor still more. With the result that the capital available for business is becoming still cheaper, and their employees still more expensive to hire. No wonder that the following pattern flows from this: the government wants us not to recruit anyone, but rather to invest in rationalization and innovation, for which we even get support and tax advantages. To create new jobs, two conditions must be fulfilled: First we must recover our strong growth. But that does not suffice: such growth must then be translated into employment, and that can never happen unless the social burdens are reduced. In the third place, the debate over a refinement and distribution of work time must be continued, of course, but for this we need the social partners; the question is whether in coming years the unions will see job redistribution as one of their priorities.

Streetsweeper

[Question] In the central agreement of last year, only 0.5 percent of the cost of salaries was set aside, in any case, and that figure will not even be at-

tained. Do you not regret adhering to that central agreement? It has produced hope and a few thousand jobs already, and there you must stand for two years with your hands tied?

[Answer] Je ne regrette rien [I regret nothing], as Edith Piaf sings. You cannot do violence to a society, and certainly not perpetrate a violation of its rights. For six years we have put ourselves in the place of the social partners, but that was not a good idea. The existence of a central agreement was a good thing therefore; there is nothing more to be said. Is the result satisfying? Of course it could be better, but I understand that after years of economizing, the people would like to see a wage increase again. Is that 0.5 percent being attained? How can I calculate the number of jobs now? It is like trying to count the number of shrimp in a cubic meter of flowing seawater. The only thing I can say is that the unemployment picture is not all that bad, and the job situation for young people is even showing very positive improvement.

[Question] Do you know how many jobless persons there were in December 1981, when you began as minister of employment?

[Answer] Well, that I no longer know precisely (then laughing): But those figures were not the correct ones, you know. My predecessor, Roger de Wulf, had just doubled the waiting time from 75 to 150 days for school leavers, whose turns came, therefore, not in October 1981 but rather in February 1982. So that is really the correct date of departure for Martens V: in February 1982 there were about 450,000 completely unemployed persons.

[Question] For an employment policy we cannot use any precise norms, you say. But the government itself had indeed promised to help 50,000 young people get work.

[Answer] Yes, and already in December we took the necessary measures. But (sighing), there is nonetheless a certain ambiguous quality in public opinion, evident in the belief that the government can create 50,000 jobs just like that. This is nonsense, unless we put all those people in BTKs and DACs. The government meant that it would create favorable conditions, in order to have 50,000 fewer young persons unemployed by the end of the legislative term; thus not that it would create 50,000 more jobs, that is an important difference! We shall achieve that goal, although I am afraid that we shall then have fewer young people but more older ones unemployed. (Angrily) I find it unbelievable that the press and public opinion put so much stock in figures, however. That is far too simplistic. In this way people make a sports event out of politics and look on the ministers as athletes who have to perform certain feats: Run! Jump! Very bad! Start over! That has distressing consequences on the attitude of citizens toward the government, and it contradicts democratic principles. That is a government for show, a mockery of the system, and I want no part of it.

[Question] You laugh now at that figure of 50,000. But it was not the press or public opinion that put it into the government's statement.

[Answer] Neither was it I who put it there. Certain circles in the government have that mania for figures and percentages. But one can indeed not plan 50,000 jobs in the same way that one plans an economy measure in a budget. Now in the debate concerning the budget for 1988, I shall say: Verhofstadt wants to anticipate the reduction of the budget, okay, but then one must also anticipate the results that would have on employment. And if one lops off items from the budget with negative consequences for the job market, then one cannot wait around for Hansenne to act as the big streetsweeper for the government. I did that for four years because a recovery of our competitors' strength and a purge of the state budget were inevitable. But now the rules of the game have changed: now the emphasis must be put on employment.

Utopian

[Question] You have the reputation of being an experimentalist, a theoretician and even a utopian. But if you look at employment as a realist, you must admit that the results are very insignificant and that all the creativity remains quite marginal.

[Answer] I am indeed an experimentalist. Our society is in full spate of change, and it is my job to force small holes and new breakthroughs. Some people then say: yes, that Hansenne sits there having his bit of fun. I do work marginally then, that is precisely the purpose of an experiment, but with the intention of drawing conclusions from it and coming to a generalization. As long as we are only experimenting, my job is not finished. My career was interrupted for a year, supposedly, but now what I am doing seems normal. The so-called Hansenne experiments were made part of the general law three years later. If I now make a case for lightening the social burdens, for local employment agencies, people say once again: you just sit there tinkering. True, but only to be able to make an ultimate decision: this sector or that trade can be freed of social burdens. But I am no theoretician. The new projects that I introduce have all been accomplished! Name one idea that I have introduced that has gone astray?!

[Question] For example, the elimination of the daily stamp control. You announced that as long as five years ago and gave hope to all the unemployed. But the stamping continues today still.

[Answer] That is tied up with the introduction of the social security card. We have now introduced that system in two sectors, construction and the diamond industry; and that went hand in hand with many difficulties and a number of delays.

[Question] In construction they look upon the work card as a temporary solution.

[Answer] You should take a good look at who is making that criticism. It goes without saying that there is criticism from those people who are inconvenienced by it, who used to be able to do certain things unhampered. For two or three months that experiment has been going on in the construction industry, and with time we must draw our conclusions and see whether we should make it a general rule. I do not know whether that can still happen during

this legislative term; it depends on the attitude of the government, but in any case my successors can finish the job.

[Question] So in the year 2000 the Belgians will still be stamping? While nothing like that exists in any other civilized country.

[Answer] Oh, no one knows what the unemployment picture will be like in 2000, not even what the situation in Belgium will then be; we know only that there will still be people living on this piece of land and that they will need work, but not whether they will be called Walloons or Belgians or Europeans. Look, I want to introduce the social security card because it gives better control than the stamping, but all of that takes time. My colleagues are already saying that I want to move ahead too quickly. Social living is a huge machine, an enormous steamship, and I must steer it. But it is not easy to maneuver. I must also be prudent; the elimination of the stamp control is popular with the unemployed, of course, but not with public opinion. I must first convince people that something like this will not lead to cheating. In Belgium you have a right to an unemployment benefit payment that has no time-limit; this exists nowhere else. If these payments could be limited to two years here and now, I could eliminate stamp control tomorrow. But as it is, we may be stamping for another ten or fifteen years.

Nightmare

[Question] Are we going to be stuck with a half million unemployed until the end of this century? Is stabilization the only goal?

[Answer] No, I want to see to it that unemployment decreases in 1988 and 1989. You should not exaggerate those 430,000, either. Among them there is an entire group for whom unemployment is no great drama. For me it is a reasonable ambition, in any case--and it is not absurd or indecent to say it--definitively to lay to rest the nightmare of unemployment for young people in five years, thanks to the demographic evolution and their improved education. Currently, 119,000 young people are unemployed, and that number keeps decreasing steadily. Perhaps ultimately 50,000 young people will still remain unemployed, but in any case no more than this number will be permanently unemployed. At the beginning of a professional life there may always be disturbances, such as when an airplane takes off. We must especially work on getting the long-unemployed people back to work, even in precarious systems. We talk all too easily about the so-called bogus statutes, but a BTK can be a real means of salvation for a jobless person.

[Question] BTKs and DACs are jobs for doing nothing, for people who are unable to do anything, says Jean Gol.

[Answer] That kind of comment demonstrates his attitude of disapproval and can be answered only by disapproval. Be that as it may, those who run a great risk of remaining in the ranks of the unemployed all their lives are the middle-aged uneducated and unemployed persons, who must move heaven and earth to find work.

[Question] Such as the miners in Limburg?

[Answer] Precisely. Those uneducated unemployed persons of 30, 35 or 40 years of age, who all need help in order ever to get work. I make proposals for them in my draft. In the sectors to be restructured, work has already been going on for a long time in terms of the so-called social envelopes. These existed already, particularly in the form of early pensions. Now here and there you also see early retirement added. The next step must be to use the premiums effectively to find work. We cannot squander that money, for dismissal from one's job should have no disastrous consequences at the time, but only six months or a year later, when society has already forgotten those dismissed! That is hypocrisy.

[Question] Can you ever make in-service training or instruction obligatory, as they do in Sweden?

[Answer] Yes, and that brings us to the statement I made at Marches last year: that the payment benefits to unemployed persons who have had bad training must be cancelled. That was especially intended to get people thinking, but I certainly have not buried the idea yet. I am presently being attacked from all sides by the communities because I am supposed to occupy myself with matters that are not within my competence, such as training programs. That is a typical Belgian debate. At this moment, from Aarlen to Diksmuide, we are totally unable to offer training to all those jobless persons who wish it. The real challenge for me, for Coons, for Duquesne, for Kelchtermans and the others, would have to be: How can we mobilize all the means to give each unemployed person a chance to get supplementary training? But in place of that we hear childish squabbling: "That is not your territory, it's mine. Don't touch it!" I say to Kelchtermans: Do everything you can and I will give you extra means, as well. But isn't it better, the more each one does?

Street Fair

[Question] Can we no longer expect a major operation of job redistribution from this government?

[Answer] I think not. As far as time on the job is concerned, Belgium is now running at the head of the European platoon. A further shortening of the working day will put heavy pressure on the cost of labor and have no effect if it remains within a small margin: one hour less of working time has no effect on employment. It is actually destructive and a fundamental error to think that the government can carry out a huge job redistribution operation, such as the SP insists on but will never do itself. What may still happen is that the industries themselves may negotiate their work time, and we encouraged such negotiation by means of tax advantages for work redistribution that yields jobs. But what I no longer advise and what is out of the question for any government is a new kind of 5X3X3 operation. That would be a foolish mistake.

[Question] We won't have any more coercive measures? Something is being done indirectly and voluntarily: the profits of industries increase, procuring for them the necessary flexibility and deregulation and now lightening their social burdens, in the hope that some day they will create jobs?

[Answer] Unless the standard of competition were to worsen all at once, we respect the central agreement of the social partners that runs through the year

1988. I hope that they reach a new agreement after that, and that we realize that we must impose no new burdens, for that is bad for economic and social democracy. The only thing that I still want to discuss eventually is a requirement for industries to take in and educate young people. But for the rest I find it senseless to force industries to recruit workers. We can only see to it that they make their accounting in a different way. Work is an economic factor.

Now by reason of the government reform of 1981, fiscal policy is truly a national concern, but help for business enterprises lies with the communities. And it is time for Geens and Wathélet to change weapons. They must ask themselves whether the old financial instruments, dating from the time of the economic expansion, are still effective. It would give evidence of intelligence if they were to eliminate the whole mess, and all premiums and support were directed toward significantly lightening the cost of labor. If we mitigated the fiscal and social pressure without the communities' adjusting their instruments, the bosses would derive a twofold profit; that is not logical. VBO leader Bodson himself says: all those subsidies for industries, eliminate them! Let us do just that.

[Question] Can, will or dare industries really still create jobs after so many years of crisis?

[Answer] If we make the burdens lighter, the industries will replace their capital again by offering jobs. For certain professions and jobs we can wipe out almost all the social burdens. There is a lot of under-the-table work that we have encouraged ourselves. Yes, industries are still as always creators of work if the job pays well. But can they ever completely absorb those 450,000 unemployed? No. But that can happen through job redistribution. As government, we can indeed stimulate a series of jobs that are now to be found between the market and the public sector, for example via the local employment agencies.

[Question] It is gradually becoming like a street fair: a business executive must determine whether he will now get more from the state for a young unemployed or a long-unemployed person, a handicapped person who is unemployed, a part-time trainee who is otherwise unemployed, or an odd-job man.

[Answer] That is a whole debate that has been dumped into the government's lap: do we have a general policy or a selective policy? And must selective activities be suited to the persons or to the sectors (such as Maribel)? In any case, the best policy is a limpidly clear one, such that an industrial leader does not have to sift through the statute-book every morning. Moreover, there must be a certain continuity: if a businessman makes a commitment somewhere, you cannot eliminate that commitment just like that the next year. At times we have--and I, too--an overly rigid policy, without clear and definitive lines. Job control must help improve that situation.

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CSO: 3614/86

FINANCE MINISTER ON GOVERNMENT PLANS TO EASE TRADE DEFICIT

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 87 p 5

[Interview with Finance Minister Palle Simonsen by Per Lyngby and Ole Dall: "Simonsen Rejects Economic Pessimism"; date and place not given; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Concrete proposals for improving exports will be worked out this summer. Danes no longer believe, as they have for the last 15-20 years, that "the more interest deductions, the better the economy." Palle Simonsen expects tight wage control under the new contracts and he calls the fall corrective one of the most effective government interventions. He says it is unfair to compare the tax burden in 1987 with the one in 1982 and maintains that handing economic policy over to the Social Democrats and the Socialist People's Party [SF] would be an incredible experiment.

Denmark's competitive capacity is very poor, according to the cooperative organization of the western countries, OECD.

The labor movement's Business Council, the Council of Economic Advisers and others predict a big increase in unemployment.

Finance Minister Palle Simonsen (Conservative) knows all these assessments, but the minister who controls the nation's pursestrings cannot be pessimistic about the economic forecast for Denmark.

"It is clear that our competitiveness has deteriorated and that creates some problems. Therefore the government will work out concrete proposals for improving conditions for export firms over the summer. Solving the balance of payments problem and unemployment requires expanded production and thus the highest priority will be given to creating as much growth as possible in the private sector.

"Another reason for my lack of pessimism is that there will be fairly strict wage control under the new contracts. The first projection from the Ironworkers' Union indicates an intent to hold wage increases to 4-5 percent. With strict wage controls we can have a wage development that is no worse than it was in the preceding contract period. I also think productivity

will be increased in Danish firms and this will have a positive effect on competitiveness."

[Question] The government made no secret of the fact that wage increases were too high. Shouldn't you have set the target levels for the labor market factions?

[Answer] It was a clear strategy to allow them to handle things themselves this time. There is a bigger responsibility when the factions arrive at settlements themselves. It leads to more discipline.

Effective Intervention

[Question] The fall corrective was aimed at curbing consumption and it has succeeded there. But lower interest rates were also an objective. Has this lived up to expectations?

[Answer] No, it has not. But one cannot always predict interest rate developments. It is a normal assumption that when an economic intervention is sufficiently effective, it will have a positive impact on interest rates.

But there was anxiety about foreign exchange and other elements were also part of the picture.

However the fact remains that even though the fall corrective was not one of the most popular interventions the government has introduced, it was one of the most effective. We now have control over private consumption trends.

The combination of the fall corrective, the tax reform and the low inflation rate helped to change people's behavior, inducing them to save more and borrow less. That is the decisive change.

[Question] Have Danes learned their lesson on this point?

[Answer] I think we are approaching the point where people no longer believe, as they have for the last 15-20 years, that "the more interest deductions there are, the better the economy." When we end up with unchanged consumption this year--in spite of rising incomes--it will lead to a drop in the consumption quota and an increase in savings.

[Question] Are more political initiatives to encourage Danes to save money needed?

[Answer] There are no plans to reward savings. The reward will be that one now gets a cash benefit from saving money due to the tax reform rules and the low rate of inflation.

But there are other possibilities for increasing savings and here the pension area is important. When it comes to people without pension arrangements, however, this is something the labor factions must deal with.

[Question] Interest and inflation have declined sharply during the government's period in office and state finances have been balanced. But won't the voters be paying a lot of attention to the fact that the tax burden has increased?

[Answer] One of the prerequisites for things hanging together is that state finances are in balance. It is true that the tax burden is relatively high. On the other hand there are enough funds to cover every krone we pay out. It is not fair to compare the tax burden in 1987 with the one in 1982. In 1982 there was an enormous deficit and if the Social Democratic government had had to offset all the expenditures--as we are doing now--the tax burden in 1982 would have been 5 or 6 percent higher than it is today.

Besides, the tax burden is a strange thing. When people earn more money, when more people are employed, when more cars are purchased, it does not increase the tax burden of individual citizens, but it is included in the technical calculation of the tax burden. The value-added tax has been unchanged for families while this government has been in office and general item taxes have been unchanged for the most part. Energy taxes have increased, but this has only neutralized the declining oil prices. Income taxes are generally unchanged. It is the tax on real interest and energy taxes that have contributed to the high tax burden.

[Question] Do the economic downturn and the prospect of rising unemployment mean that the government will be waging an election campaign primarily based on what a red majority might come up with--instead of emphasizing the government's results?

[Answer] There is certainly good reason to express anxiety about what an SDP-SF alternative could do. But the government has produced so many results in the economic area for the last 5 years that we certainly don't have anything to hide. I also believe that a great many people know that it would be an incredible experiment to turn economic policy over to the Social Democrats and the Socialist People's Party.

We must devote a lot of energy to solving the balance of payments problem. But when one looks at the economic policy of the Social Democrats and SF--and Anker Jorgensen has said that they agree on 90 percent of these matters--one must say that this policy would go in exactly the wrong direction. They want to increase public spending, weaken competitiveness and implement initiatives such as economic democracy that will reduce the desire to invest money.

Unemployment Figures Too Pessimistic

[Question] Don't you agree with the many gloomy forecasts of a sharp rise in unemployment?

[Answer] No, I do not. Because of the decline of competitiveness in 1987 there will be a slight increase in unemployment but many of the figures

that have been mentioned are far too pessimistic. Business investments are still at a very high level and there seems to be a prospect of a smaller influx of new workers than in the past. This would also help to reduce the increase in unemployment.

Palle Simonsen declined to give the government's estimate of how high it thinks unemployment will go in the coming year before the budget bill is presented on 17 August.

6578

CSO: 3613/111

GRAIN PRODUCERS ORGANIZATION FORESEES INCREASED DIFFICULTIES

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 87 Sec III p 1

[Article by Jens Juul Nielsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The National Association of Danish Grain Producers says that the number of farms must be cut from the present 90,000 to 20,000 to make farm production profitable. The average size of farms must be larger according to the association, which foresees an explosion in the number of forced auctions in the months ahead.

Something serious must be done to reduce the number of farms to ensure competitive and profitable farming, according to the National Association of Danish Grain Producers.

The group says that the number of farms must be cut from the current level of 90,000 to 20,000. This should be done by raising the current limit on consolidation so that we move toward fewer but larger farms.

"Just as we no longer need all the small grocery stores and dairies that we had 25 years ago, we also need a natural development in the agricultural sector," said Erling Svensen, chairman of the National Association of Danish Grain Producers.

He said that the legislation in this area with the so-called consolidation limit, which prohibits a farm of around 50 hectares in area from acquiring more land, is a stumbling block.

"The legislation acts as a colossal brake on sensible development. Agriculture must be liberalized, as other branches have been. A farmer who makes his living solely from raising crops needs at least 75 to 100 hectares of land. So a reasonable consolidation limit should be no lower than 100 hectares, as we must also have an opportunity to train new farmers," said Erling Svendsen.

Many farms already have trouble earning anything, according to calculations made for the National Association of Danish Grain Producers by economic

consultant Kaj Andersen of the Patriotic Society of Funen Diocese. In many cases farmers must borrow money for their private use. And the grain producers group expects that in the months ahead thousands of farmers will face the fact that they cannot manage and that their farms will have to go on the auction block.

"We expect between 5,000 and 10,000 forced farm sales in the next 9 months. The individual farms are too small to be profitable and besides farmers are given poor advice. And farmers themselves are too incompetent and too slow to see the danger signals in their accounts in time," said Erling Svendsen.

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CSO: 3613/111

PRIME MINISTER: 1988 ANOTHER YEAR OF FISCAL AUSTERITY

Oslo AFTENPOSTEN in Norwegian 24 Jun 87 p 3

[Article by Morten Malmo: "Prime Minister Gro Harlem Brundtland Sees Better Times Ahead, But 1988 Will Also Be 'Year of Exceptions'"; first paragraph is AFTENPOSTEN introduction]

[Text] Prime Minister Gro Harlem Brundtland is not promising the moon for next year. She believes that 1988 should also be seen as a "year of exceptions." The government also sees clear signs of improvement in the Norwegian economy, since the deficit in foreign trade is on the way down, and inflation is being reduced. "The outlook is that toward the end of the year inflation can be down to 6-7 percent," the prime minister said at a press conference yesterday.

This was the main message from the prime minister when she held her press conference yesterday morning at the Grand Hotel before summer vacation. There she reported that on Monday the government had a discussion of the work with next year's budget. "It is clear that 1988 will be austere, and that we must also be prepared for that in the following years," pointed out the prime minister.

Had a Majority

In a look back at the past year and the now concluded Storting session, Gro Harlem Brundtland confirmed that the government had a majority in the Storting for a necessary change of course. She believed furthermore that the political solutions for various issues which have been brought before the Storting have been successes for the Labor Party.

The Prime minister also said that it will still be important to hold down private consumption. About the public sector she had this to say: "It is not possible to reduce the size of the public sector, but its growth."

Change Over One Issue

"The experiences that now have taken place have not increased enthusiasm or credibility on the nonsocialist side," pointed out the prime minister, but she added, "I do not underestimate the forces which can be applied. Both the

Christian People's Party [KRF] and the Center Party [SP] have emphasized that the three parties almost reached a common political foundation. The two parties have not been splitting hairs.

"It has also been said that we could have a change of government over one issue, and that is also a part of my analyses," said Gro Harlem Brundtland.

Lines for Health Care

At the press conference the prime minister was asked what she would do to get the upper hand over the lines waiting for health care. She was also confronted with information that the elderly in nursing homes are not getting enough food and care. The general response that the prime minister gave was that the health and social sectors would be given priority, mostly for care of the elderly.

"There have been great improvements in health care, but the need is great," confirmed the prime minister, who however pointed out that better care does not only depend on state funds.

"It is also natural to question the priorities in the municipalities and counties," she said.

Taxes

The prime minister stated that negotiations in the Storting on the government's tax report have now laid the foundation for an extensive reform of the tax system. However she did not want to say anything yesterday about what tax level the government is recommending for 1988, nor about the reshaping of the tax proposal. "I have nothing to say about that here and now," she said.

She also spoke about the government's report on the tax base for a dwelling tax as an important part of the tax proposal. "Work on corporate taxes is the next major challenge we will take on," said Prime Minister Gro Harlem Brundtland at her press conference.

9287

CSO:3639/80

BERGEN BANK SIGNS AGREEMENT WITH USSR GOSBANK

Oslo AFTENPOSTEN in Norwegian 26 Jun 87 p 35

[Article by Sigrid Elsrud: "Bergen Bank in the Soviet Union"; first paragraph is AFTENPOSTEN introduction]

[Text] Bergen Bank yesterday signed a cooperation agreement with the Soviet central bank Gosbank and the Soviet foreign trade bank. The cooperation concerns advising and financing, with eventual Norwegian establishments in the Soviet Union.

The agreement is a result of Gorbachev's new policy. Soviet authorities are open for the establishment of new ventures, meaning cooperative companies with both Soviet and foreign ownership. In this connection Soviet authorities are interested in contact with foreign banks which can arrange the financing of such new ventures.

This is the background of the protocol which was signed yesterday. Cooperation will take place within the framework of Scandinavian Banking Partners, which besides Bergen Bank consists of Privatbanken in Denmark, Skandinaviska Enskilda Banken in Sweden, and Union Bank of Finland.

Bergen Bank is today the only Norwegian bank which is accredited for activity in the Soviet Union, and through Scandinavian Banking Partners has a representation office in Moscow.

"The background we already have from working in Moscow makes it natural for us to enter this agreement now," said assistant bank director Oddvar Sten Ronsen at Bergen Bank.

"What services does Bergen Bank intend to offer Norwegian companies which are planning to establish themselves in the Soviet Union?"

"We will develop financial instruments and analysis tools. In addition we will advise on covering of currency exposure and credit risk, and we will give active assistance to joint venture firms on financial questions," said Ronsen.

"How extensive to you calculate that this activity will be?"

"For the time being we see only a small beginning, but one Swedish and one Finnish firm have already signed agreements to establish in the Soviet Union. From the Soviet side there is great interest tied to this cooperation with foreign companies. There is talk of cooperation on a broad industrial field," said Ronsen. He said that Bergen Bank is in contact with Norwegian firms which want to establish in the Soviet Union.

"Are you not afraid that the agreement will be seen in a bad light because of all the publicity about the Kongsberg Vapenfabrikk scandal?"

"We have talked about that, but we do not believe that will have any effect. Economic cooperation between Norway and the Soviet Union will continue as before. The KV scandal is tied to a concrete issue which has nothing to do with this type of cooperation."

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CSO:3639/80

CONTRASTING ASPECTS OF FOREIGN DEBT REPORTED

Lisbon SEMANARIO in Portuguese 20 Jun 87 p 25

[Article by P.V.; first paragraph is SEMANARIO introduction]

[Text] Expressed in dollars, Portugal's foreign debt rose by \$312 million in January alone to a total of \$16,493 million. But in terms of national currency, the debt declined by 2 percent to 2.31 billion contos.

Expressed in dollars, Portugal's foreign debt rose by \$312 million in January to a total of \$16,493 million. That change was due basically to the negative swing in that portion of the debt known as "foreign exchange fluctuations." That portion rose by \$465 million during the month in question, but the effect of that increase was diminished by the balance in capital flows, which was favorable to Portugal by \$153 million. It is the difference between \$465 million and \$153 million which explains the increase of \$312 million. Compared to the month before--that is, December of last year--the debt in dollars showed an increase of almost 2 percent.

But if the change is calculated in escudos, it is found that the debt dropped by over 2 percent between December and January of this year, for a total in January of slightly over 2,310.8 million contos.

As far as the makeup of the foreign debt is concerned (that is, the breakdown between short-, medium-, and long-term debt), there was practically no change between December and January. Because of the payments that have been made, the medium- and long-term debt continues to account for more than 90 percent of the total. Those two types combined amounted to \$15,086 million (2,113.5 million contos) in January, whereas the short-term debt came to \$1,407 million (197.3 million contos).

Foreign assets, expressed in terms of gold reserves, increased between January and February by 1.9 or 2.3 percent, depending on whether gold is valued at the official price or the market price. In the second month of the year, those assets totaled \$8,767 million or \$11,671 million, depending on whether gold is recorded at the official price or the market price.

Gross foreign debt reserves (assets held by the Bank of Portugal, the Treasury, and other monetary institutions) rose by 1.2 or 1.4 percent between December and January, depending on whether gold is valued at the official price or the market price.

BRIEFS

EFTA BUSINESS LOANS APPROVED--In Geneva, the Executive Committee of the EFTA Fund for the Industrial Development of Portugal has approved four new loans for Portuguese firms in an amount of more than 1 million contos. The loans are in connection with projects in which a total of 4 million contos will be invested. During that meeting, at which the fund's executive committee in Portugal was represented by members of the management council of the National Development Bank, the fund's 10th annual report was approved. Of the four new loans that have now been approved, one is providing 240,000 contos for an agricultural development firm, and another consists of a 220,000-conto loan to a meat processing firm. The other two loans were granted to the hotel industry. The first, totaling 400,000 contos, is for the construction of a hotel in Quinta do Lago in Algarve, while the second is for the construction of an apartment hotel in Funchal at an investment of around 800,000 contos. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 2 Jun 87 p 5] 11798

CSO: 3542/104

PRIVATIZATION STRATEGY, METHODS EXAMINED

Istanbul DUNYA in Turkish 30 Apr-2 May

[Article in three installments by Professor Tefvik Pekin and Assistant Professor Adil Koruyan, faculty members of the School of Economic and Administrative Sciences of the 9 September University: "A Privatization Strategy for Turkey and Methods That Can Be Implemented"]

[30 Apr 87 p 2]

[Text] The narrow definition of privatization as the transfer of state-owned industrial and service corporations to private ownership is inadequate to assess the goals of privatization and to determine the methods and the strategy needed to attain these goals. On the other hand, a general definition which can incorporate these elements is difficult to formulate because of differences in the economic and social structures and the levels of development of various countries. Evidently, the desired objectives in the transfer of state-owned enterprises or corporations to private ownership vary with countries' social structures and economic systems and take different forms at different levels of development. Consequently, a meaningful assessment of goals for each individual country must be based more on practical results than on the terminological meaning of privatization.

Viewing privatization as only a means of stimulating free market economics would, in our opinion, be a wrong approach. The issue must be viewed more comprehensively; indeed, it would be more proper to see privatization as a means of implementing a country's choice of economic system. Viewing privatization as only a requirement of free market economics would lead the public to see the issue as a "political choice by the government." While some segments of the public may approve this choice by the government, other segments may not. If the privatization operation succeeds it will be viewed as the government's success, but if it fails it is not only the government that will foot the bill, but the economy of the entire country.

Consequently, it is very important to promote the privatization process as a state policy and not as a government policy. Therefore, it is necessary for the success of the operation to debate the issue lengthily in public forums, to determine the points of consensus and to gain the approval of the people over principles to be determined. Once public approval is assured, it would be necessary to determine a privatization strategy. We can define strategy as

"the art of ensuring and organizing unity of action to attain a certain goal." Based on that we can define the concept of privatization strategy as the set of concepts and implementations which determine what the desired goals of privatization are in a given country and how and in what form privatization should proceed to attain those goals from the time privatization is conceived as an idea until the completion of the operation.

In our country, too, the question of how to organize and implement privatization in our own conditions inevitably leads us to the problem of determining a privatization strategy.

In this paper, we try to propose a privatization strategy which will be compatible with Turkey's conditions, to suggest the means and methods needed within the framework of this strategy to attain the desired goals and to weigh the favorable and unfavorable aspects of each of these methods.

I. A Privatization Strategy for Turkey

Moves are under way and initial legislative steps have been taken in our country to privatize the state economic enterprises [SEEs]. However, the issue has not been adequately discussed in public, and the goals of privatization have not been explicitly stated. This situation can be seen as an indication that Turkey does not yet have a clear and well-defined privatization strategy.

This situation overshadows the prospects of privatization to win the nation's approval and to become permanent and long-lasting by virtue of being state policy. The transfer of only a few SEEs and their affiliated partnership corporations to private ownership are condemned to remain limited implementations even if the terms of sale are good.

In order to determine a privatization strategy which will be compatible with Turkey's economic and social conditions and which will not be inconsistent with the country's interests, it is first necessary to clearly state the desired economic and social goals of privatization. We first examine this issue and later explore the compatibility and incompatibility of these goals.

A. Desired Economic and Social Goals of Privatization

The desired goals of privatization are in general economic, social and political objectives. While these are the predominant motives, the results expected from privatization vary from country to country depending on the level of development of each country. The fundamental and primary objective of the privatization operations undertaken in developed countries and the privatization programs proposed to developing countries by international organizations in the 1980's is the elimination of public enterprises which impede the operation of the free market system and the reduction of the state's role in economic activities. Nevertheless, each country has been able to base the goals its privatization program on a different ranking of priorities. Evidently, this ranking of the priority of goals forms the basis of each country's privatization strategy.

The framework of Turkey's privatization strategy should also be set by determining the desired goals of privatization. In determining these goals, it is very important to take into account the economic structure of our country and the social drawbacks of privatization.

On that basis, we can state the goals which will form the basis of a privatization strategy for Turkey as follows:

- a) Activation of free market economics;
- b) Reduction of the financial burden of the SEEs on the government budget and creation of new sources of revenue for the state;
- c) A balanced distribution of wealth and income by spreading the wealth to broader social segments;
- d) Development of a stock market, mobilization of idle resources and the channeling of those resources to investments through the stock market.

Several other specific goals can also be included in the privatization strategy. However, the introduction of more and more details would inevitably lead to conflict among various goals. Consequently, we will suffice with the goals enumerated above and we will outline the principal features of each goal below:

- a) The goal of activating free market economics:

For a successful privatization program, the state must make a clear choice of economic system, must clearly state its place and role in the economy and, as a natural consequence of these, must ensure compatibility between the system chosen and the economic policies implemented.

If the economic system chosen is a liberal one based on market forces, the state must minimize its role in the economy, and the economic policies implemented must conform with this goal. Otherwise, it would be difficult to activate the free market economic system, and it would not be hard to understand the reluctance of domestic and foreign entrepreneurs to embark on a venture of uncertain future during the process of transferring state-owned corporations to private ownership. At best, these entrepreneurs or investors would invest their money only in SEEs which are profitable, which have markets and which have no competition in those markets. Such a situation would perhaps help to achieve partial success in the privatization program, but not to attain the goals of privatization.

As is seen from this argument, a clear and unequivocal statement by the state about its choice of economic system is the principal prerequisite of the privatization strategy to implement a successful privatization program and to attain the desired goals of privatization.

Our country's choice of economic system has been the free market economic system. That being the case, the principal task of the state must be to stimulate free market economics. The realization of this goal depends on the

elimination of conditions and problems which largely impede the operation of a market economy. However, a competitive environment which is essential for the operation of a market economy has not yet been instituted in our country, and factors which inhibit competition have not been completely removed. At this stage, the following question inevitably comes to mind: Can market economics be swiftly activated simply by transferring publicly-owned corporations to private hands? Obviously, the answer to that question cannot be in the affirmative. Because privatization is only one of the means needed to create conditions for free market economics. Privatization can be effective only if used in conjunction with other measures. Therefore privatization is a necessary but not a sufficient condition for the activation of free market economics. Viewing the issue from this perspective is the first step toward adopting a successful privatization strategy.

b) The goal of reducing the financial burden of the SEEs on the government budget and creating new sources of revenue for the state:

The financial burden of the SEEs on the government budget has created serious problems in our country. The management, organization and employment problems of the SEEs are echoed in the economy in the form of greater wastage of resources. The adverse effects of these organizations on the state budget force the government to cut its outlays in other areas. Indeed, because of the strategic and social significance of some SEEs' contributions to the economy, they have to be subsidized from the government budget. However, the subsidization of SEEs whose ownership by the state is of no benefit to either the state or the country's economy constitutes nothing but a burden on the state. Consequently, the privatization of such SEEs is seen as a desirable economic goal of privatization.

Here, it is proper to emphasize the following: The privatization of the SEEs must not be viewed in the narrow sense of transferring state-owned property to private ownership.

[1 May 87 p 2]

[Text] Eliminating state monopolies, opening their markets to competition, leasing SEEs, transferring their management to private hands and selling these SEEs' revenues are also part of the broadly-defined privatization process. Based on that definition, the SEEs which constitute a burden on the government budget can also be privatized by being leased or through the sale of their revenues. Obviously, if SEEs are privatized in this manner, they must first be reorganized.

The sale and leasing of SEEs or their privatization in this broader sense would not only reduce their financial burden on the government budget but would provide fresh sources of revenue for the state. This will give the state the chance to make new investments.

c) The goal of spreading the wealth among broad segments of society and ensuring a balanced income distribution:

An unbalanced distribution of wealth and income constitutes one of the basic problems of developing countries like Turkey. In addition to other measures on this issue, the privatization program can offer solutions which may reduce such imbalances. From this perspective, it is evident that this goal must be ranked high in the determination of a privatization strategy.

The transfer of public property to a certain segment of society in the privatization operation will ensure the distribution of wealth to broad social segments. The realization of this goal through the privatization process is theoretically possible. However, success in practice would depend on the sale of securities issued for the SEEs to be privatized to small savers on special terms and the prohibition of the transfer of those securities to other parties for a specified period.

d) The goal of developing the stock market, mobilizing idle resources and channeling resources into investments through the stock market:

The presence of an organized stock market in Turkey has a short history of only 5 years. Some unpleasant experiences in the past (such as the Hastas incident and the bank crises) have discouraged small savers from investing their money in securities. In addition, factors such as the reluctance of the companies to distribute their profits as dividends and the small number of brokerage institutions on the market have slowed down the development of the stock market.

Despite these problems, however, certain incentive measures designed to encourage small savers to buy shares of the privatized SEEs and steps aimed at preventing them from selling those shares for a certain period of time would invigorate the stock market. Consequently, it would be very beneficial to include this goal in the privatization strategy.

If the goals that will form the basis of Turkey's privatization strategy are set such that they are consistent in themselves, compatible with other goals and in the interests of the country, the results expected from privatization would be more easily attained and the prospects of success would increase.

At this point it is important to minimize conflicts between different goals. The success of the operation depends on this.

B. Compatibility of Various Goals and the Minimization of Conflicts Between Different Goals

The minimization of conflicts between goals which will form the basis of our country's privatization strategy and the maximization of the compatibility of various goals are as important as the determination of those goals. Consequently, in order to implement a successful privatization program which will serve the interests of our country, the privatization strategy must be formulated as a "synthesis of goals" rather than being based on a set of individual and distinct goals. The realization of such a synthesis of goals would depend on the minimization of the conflicts among the goals previously determined.

We can summarize the conflicts among the goals we have set and the auxiliary choices and the policies which may reduce these conflicts to a minimum as follows:

a) If privatization is to be used as a means of eliminating the problems that inhibit the operation of a free market economy, the SEEs must be privatized regardless of their social benefits, strategic significance or profitability. That, however, would mean to ignore the social and strategic issues which the state must be concerned about and would deprive the state of some of its sources of revenue. Therefore, it is necessary to eliminate such incompatibilities among various goals and to ensure harmony in the privatization strategy. To that end, the following choices must be made with regard to the implementation of the privatization program:

i) Instead of selling SEEs which are state monopolies, their monopoly on the market must be ended and the private sector must be permitted to operate in their markets.

ii) If the creation of a second production capacity in a market controlled by a SEE with monopoly status would create surplus production capacity, then it would be necessary to determine which SEEs would be opened up to competition because otherwise competition would lead to a wastage of resources.

iii) In service sectors (e.g. education and health) which may be subject to privatization, social policies must be formulated to ensure that low-income groups can have access to those services at reasonable cost.

iv) The areas of operation of SEEs with strategic significance may be opened up for joint partnership ventures with the private sector.

b) The goal of using privatization to reduce the SEEs' financial burden on the state and to create additional sources of revenue for the state obviously clashes with the goal of equitable distribution of wealth and income. More importantly, the former goal can also result in the elimination of social benefits in developing countries such as ours. One cannot deny the importance of the social benefits provided by some of the SEEs which currently constitute a financial burden on the government budget. Consequently, if privatization is used solely for the purpose of reducing the financial burden on the state and creating additional sources of revenue for the state the following steps must be taken:

i) The economic and social benefits of the SEEs must be taken into account.

ii) In the case of SEEs which keep losing money or constitute a financial burden on the state, the causes of their losses and dependence on the state must be realistically determined.

iii) When additional sources of revenue are created for the state, these additional resources must be channeled into large public projects designed to stimulate economic development.

iv) The social benefits of public services which may have a bearing on income distribution must be supported with various policy means.

c) The goal of using privatization for the purpose of developing the stock market, mobilizing idle resources and channeling resources into productive investments appears to be compatible with all the other goals. However, given that our country does not yet have a developed securities system and an organized stock market, there are persisting doubts with regard to the marketing, distribution, sale, pricing and post-sale circulation of securities that will be issued in the privatization process. It is obvious that in the presence of such doubts it would be difficult to attain the goal of developing a stock market as well as the other goals of privatization. If privatization is to be used for the purpose of developing stock markets, the following measures must be taken:

i) A "system" must be developed whereby shares to be given or sold to small savers will maintain their value for a specified period of time.

ii) In order to prevent the newly issued securities from having a precipitous shock effect on the stock market, a well-timed sales schedule spread over years must be prepared.

iii) In order to prevent the shares of large SEEs or SEEs which will be privatized at a specified point in time from being traded outside the stock market (unquoted), either only certain brokerage firms must be appointed to deal in those securities or temporary local stock markets affiliated with the central stock market must be established.

iv) The amount of securities the market can absorb must be realistically determined taking into account the new securities that corporations have recently been encouraged to issue in order to raise long-term funds from the same stock market.

The panic that may be caused by a decline in the value or price of the SEE shares to be transferred to the people would severely overshadow the success of the privatization program. A similar phenomenon was experienced in Singapore, and Singapore's stock market was closed for some time.

d) The use of privatization for the purpose of spreading wealth among broad masses of people and ensuring an equitable distribution of income is incompatible with the other goals that have been set. For example, if professional management cadres are not present in a competitive market economy during the distribution of property to the masses, the concentration of company management in certain hands would hurt the interests of small shareholders. Conversely, if SEE shares are distributed for free or sold at below nominal prices or on an installment basis for the purpose of spreading the wealth among the people, the creation of additional sources of revenue for the state will be severely inhibited. Even so, however, no matter what other goals may exist, the goal of spreading the wealth and ensuring equitable income distribution must not be disregarded--indeed, must be emphasized--in privatization programs, particularly in developing countries.

C. Main Features of Privatization Strategy

In the light of the goals enumerated above and the compatibility of those goals with each other, we can outline the main features of a privatization strategy for Turkey as follows:

—The state must clearly and unequivocally proclaim that it has made its choice in favor of a market economy, and the economic policies that are formulated must be compatible with the requirements of that system.

—The privatization program must be discussed and debated in public, and the views of all segments of society must be heard on this issue.

—Privatization must be promoted in and endorsed by broad masses of people not as a government policy but as a state policy.

—The preparation and implementation of the privatization program must not be left to the pertinent ministry or the Council of Ministers, but must be overseen by an advisory "Privatization Council" to be formed of members from all segments of society.

—Privatization must not be seen as the transfer of all SEEs to private ownership; it must be planned on a long-term basis, and amelioration policies must be formulated for the SEEs that will remain in the hands of the state.

—The desired goals of privatization must not be examined independently from each other; a synthesis of goals must be formulated and supported by various policies.

The principal issues we have examined so far in connection with privatization strategy are the prerequisites of obtaining from the privatization program results which are compatible with the nation's interests and our country's economic structure. The implementation of such a privatization strategy, that is the transfer of public property to private ownership, can only be possible through methods which are based on that strategy. The methods of privatization must be examined as an integrated whole which can address the questions of which SEEs must be privatized and to whom, how and in what amount the securities issued must be sold.

II. Privatization Methods Which May Be Implemented Within the Framework of the Privatization Strategy

The SEEs which have been performing important functions since their establishment have contributed significantly to the development of our country despite their diverse problems. As a result, some circles take an emotional approach and strongly oppose the privatization of the SEEs. Conversely, other circles believe that a state role in economic activities is unnecessary. These opposing views notwithstanding, our task is to find the way which will best serve the interests of our country. Consequently, we do not view the privatization program as a package which includes the privatization of all or some of the SEEs. In our approach, we believe that the privatization of some

SEEs is necessary, that this must be done within the framework of certain conditions and for the purpose of attaining certain goals and that some SEEs must remain in the state's hands.

[2 May 87 p 2]

[Text] In the case of another group of SEEs, arrangements such as leasing, transfer of management rights, investment certificates or the sale of revenue partnership certificates must be implemented in order to ensure that they operate in accordance with market economy principles. Obviously, in such cases, the SEEs in question must be managed like private firms.

In view of these realities, issues related to privatization methods which are compatible with the conditions of our country can be summarized under three headings:

- The determination of the SEEs that will be privatized and related proposals.
- The determination of who will buy the shares of the SEEs to be privatized and in what amounts.
- The determination of how to market and sell the securities issued for the SEEs to be privatized.

A. Determination of the SEEs to be Privatized and Related Proposals

The starting point for the implementation of privatization methods is the determination of the SEEs which will be privatized. This determination must be made within the framework of the following classification:

- SEEs whose continued operation does not provide any benefit to the state and which have poor prospects of being transferred to the private sector.
- SEEs which may remain in state ownership on social and strategic grounds and which need to be made compatible with the privatization strategy.
- SEEs which may be fully or partially privatized.

Such a classification will not only help in ensuring the compatibility of the privatization methods with the privatization strategy, but will also prepare the grounds for attaining the goals of the privatization strategy by other approaches.

- a) SEEs whose continued operation does not provide any benefit to the state and which have poor prospects of being transferred to the private sector:

It would be proper to have in mind the following issues with regard to SEEs which are no longer performing the function for which they were established and whose continued operation provides no benefit to the state:

--If the productivity of such SEEs cannot be restored through reorganization or by new technology and as a result have poor prospects of being transferred to the private sector, they must be liquidated within the framework of a plan.

--If an SEE in this situation is large, its affiliated companies and partnerships must be separated from it and subjected to an amelioration program. The companies or partnerships which cannot be transferred to the private sector initially must be turned over to private management through arrangements such as leasing or transfer of management rights.

b) SEEs which may remain in state ownership on social and strategic grounds:

Industrial and service corporations which produce goods and services that are related to the statehood functions of the state, such as national security or social services, must remain in state ownership.

In approaching this issue from a privatization strategy for Turkey, the following issues need to be considered:

--The management and operation of SEEs which must remain in state hands because of social and strategic factors must be reorganized to comply with market economy conditions.

--If such SEEs are monopolies in their areas of operation, either the private sector must be encouraged to enter their markets or the state must form new companies in partnership with the private sector.

--Ways must be sought to issue securities in the form of preferred stock certificates with no voting rights or investment certificates to solve such SEEs' financing problems and to end state subsidies for them.

c) SEEs which may be fully or partially privatized:

This implementation which fits the narrow definition of privatization--that is the straightforward transfer of state-owned property to the private sector--is the most typical case of the privatization methods employed across the world. It is often claimed that all the goals of privatization may be attained through full or partial privatization of state-owned companies. The determination of the SEEs which may be fully or partially privatized is extremely important for the success of the privatization strategy and the implementation of the privatization methods.

B. Determination of Who Will Buy the Shares of the SEEs to be Privatized and in What Amounts

The issue of who will buy the shares of the SEEs which will be fully or partially privatized and in what amounts will have to be determined in accordance with the goals of privatization. If it is desired to spread the wealth to the broad masses and thus to influence income distribution and at the same time to develop a stock market, it would be appropriate to develop a program which would ensure that the shares reach all segments of the society.

We can summarize our proposals on who should buy the shares of SEEs to be fully or partially privatized and in what amounts under the following headings:

—It would be appropriate to turn over a maximum of 10 percent of the capital of the SEE to privatized to the state or a financial institution to be appointed (this could be a state-owned bank) or the Public Partnership Fund which runs these procedures. Such an allocation would create among small savers the impression of a "state guarantee" and would protect the interests of small shareholders in the determination of the distribution of dividends in the future.

—The offering of the shares of the SEEs to be privatized must in principle be planned in such a way that they can be sold to a broad segment of society. However, steps must be taken to ensure that 50 percent of the shares of small SEEs or companies and partnerships affiliated with certain SEEs are bought by investment groups.

—Large SEEs must be privatized in stages; in the initial offering of shares, an individual or corporation must be limited to buying no more than 30 to 35 percent of the total shares offered for sale.

—Some of the shares offered for sale must be sold to Turkish citizens living or working abroad in exchange for foreign currency.

—Steps must be taken to ensure that 25 to 30 percent of the shares of small SEEs in backward regions or the affiliated companies and partnerships of certain SEEs are bought by the people of the region where those corporations are located.

—Efforts must be made to seek and encourage ways of offering 10 to 20 percent of the shares of SEEs to be privatized to the employees of those SEEs.

—Limits must be imposed on the amount of shares financial firms may buy through brokerage services or for the purpose of managing portfolios, or the time period during which they can keep such shares in their portfolios must be restricted.

—Foreign investors must also be allowed to buy SEE shares, but the amount of shares foreign investors may buy must be limited to no more than 30 to 35 percent of the total shares offered. Foreign investors who are collaborating with Turkish partners must be exempted from this restriction.

C. Determination of How to Market and Sell the Securities Issued for the SEEs to be Privatized

The methods to be implemented in the sale of the shares of the SEEs to be privatized must be seen as a prerequisite for a successful privatization program. Because if the shares are sold quickly and in a manner consistent with the goals of privatization, the money raised can expeditiously be credited to the state treasury.

The methods of sale suitable for the conditions of our country and our proposals with regard to these methods can be summarized under the following headings:

--Small SEEs and the affiliated companies and partnerships of certain SEEs must be sold by the state or by a company recruited for this task on an "auction" or "bidding" basis. However, it is known that neither of these selling methods are compatible with the goals of spreading the wealth and helping the small investors.

--In the sale of the shares of large SEEs, financial brokerage firms or a national consortium of such firms must be employed; if the shares are to be sold in foreign countries as well, an international consortium of brokers must be employed.

--The shares that will be sold by brokerage firms or a consortium of brokerage firms must be transferred to these firms or consortiums through an auctioning method or if the firms will act only in an intermediary capacity they should work on a commission basis.

--Prospects of selling blocks of SEE shares on national and international stock markets must be explored and such sales must be announced in advance.

--In all sales, the allocations made for preferred sales to attain the goals of privatization must be publicly announced. However, shares which are not bought by the intended preferred buyers in a specified time period must be sold at market prices.

--The state must offer no support or facilities to investment corporations with regard to the sale of shares.

--In sales to [SEE] workers, inhabitants of backward regions and Turkish citizens abroad the following incentives must be offered:

i) Selling at below nominal prices;

ii) Selling on credit;

iii) Various tax exemptions (for example those who invest 50 percent of their annual income on such securities could deduct that amount from their taxable income);

iv) SEE employees may receive a number of shares for free or the number of shares given may be based on their years of service.

--To ensure that shares sold to small savers remain in the hands of such individuals and to create a stable source of income for them, an "insurance system" must be developed or special incentives--such as offering a certain bonus to those who do not sell their shares for a specified period (say 1 to 3 years)--must be offered.

III. General Evaluation

Privatization, which is one of the principal issues on the global economic agenda, remains a pressing and important issue in countries such as ours which have adopted the liberal economic system.

At this stage, the principal issue regarding privatization in our country is the determination of a privatization model which will be compatible with our country's conditions, its social preferences and its economic and financial structure. Consequently, it is essential to choose a privatization model which will enhance the development of our country and which will produce social benefits. Examples and experiences observed elsewhere in the world must be utilized in the conceptual development of this model, but the implementations of countries which have succeeded in this area must not be identically copied.

If a privatization program will be implemented in our country, it must first be proclaimed as a state policy and it must be prepared taking into account our country's economic structure and conditions. That depends on a privatization strategy which is used as a vehicle to attain desired goals.

9588

CSO: 3554/285

NORWAY

SOCIAL

BRIEFS

POPULATION INCREASE IN NORTH--For the first time in five years the population figure for North Norway has increased. On 1 April this year 231 more people lived in North Norway than at the same time last year. That was shown by figures from the Central Bureau of Statistics. The figures only apply to the first quarter, however. It is therefore uncertain whether the tendency will continue. Otherwise the statistics indicate that there are towns and built-up areas in the north which are experiencing population growth, while the outskirts continue to experience departures. [Text] [Oslo AFTENPOSTEN in Norwegian 26 Jun 87 p 4] 9287

CSO:3639/80

FINANCING OF CLERGYMEN ABROAD STIRS DEBATE

Conflicting Statements on Responsibility

Istanbul CUMHURIYET in Turkish 17 Mar 87 pp 1,13

[Text] Ankara--Officials of the 12 September administration have been giving conflicting accounts about the payments of the salaries of Turkish clergymen abroad by the Shari'a organization, "Rabitat-ul Alem-ul Islam [Muslim World League]," from 1982 through 1984. So far, no one has admitted responsibility for the affair. In an exclusive statement to our paper yesterday, President Kenan Evren said that "he did not receive any information to that effect during that period." Bulend Ulusu, the prime minister during that period, said in an exclusive statement to our paper: "No such incident was reported to me. I have no knowledge of it. Nor have I given my approval on such an issue. I do not know who did it or how. I was astonished myself." In contrast, Tayyar Altikulac, the Religious Affairs Chairman of that period, said that "a Council of Ministers decision was made" with regard to the payment of the clergymen. Commenting on the issue, former Minister of State Mehmet Ozgunes said: "[Altikulac's charges] are lies. Plain and simple lies. In any case, I was ill at that time. I learned about the matter later."

Our correspondent Ugur Mumcu reported in his investigative series entitled "Islamist Organizations and Money" that between 1982 and 1984 "Rabitat-ul Alem-ul Islam"--known also as the "Rabita organization"--paid \$1,100 a month to Turkish clergymen abroad in accordance with an agreement reached with Turkish officials. Since the revelation of this affair--which was confirmed by Imam Al-Ahdal, the director general of the Belgium-based "Islamic Cultural Center"--no official of the 12 September administration has admitted responsibility for it.

Minister of State Hasan Celal Guzel, the spokesman of the Ozal government, told our paper previously that the issue is "under investigation."

A statement issued on behalf of President Kenan Evren through his press counselor, Ali Baransel, said:

"One segment of the feature series entitled 'Islamist Organizations and Money' by Mr Ugur Mumcu reported that a foreign religious organization known by the short name 'Rabita' paid \$1,100 a month to imams affiliated with the Religious Affairs Chairmanship and posted in the FRG. Our President, who has expressed

sensitivity about this issue, has stated that he did not receive any information to that effect during that period as head of state and Chairman of the National Security Council [NSC]."

What Does Altikulac Say?

Former Religious Affairs Chairman Tayyar Altikulac insisted that the payment of overseas imams by "Rabita" reported in Mumcu's series was undertaken by a Council of Ministers decision. Altikulac said: "There are people who should comment on this issue before I do; that would be more appropriate." Altikulac claimed that the NSC also knew about this issue. We consulted Mehmet Ozgunes, the minister of state of the Ulusu government during the 12 September period, about Altikulac's charges. Ozgunes said with reference to Altikulac: "These are all his own doings. I do not think that there was a Council of Ministers decision."

Altikulac replied to the CUMHURIYET correspondent's questions as follows:

[Question] Did you read Ugur Mumcu's investigative series?

Altikulac: I browsed through some installments. But I have clipped them. I will read all of it.

[Question] That series makes reference to an episode. It says that the Rabitat-ul Alem-ul Islam paid the salaries of clergymen posted overseas. How did that happen?

Altikulac: Another reporter inquired about that issue today. He wants to talk with me. However, I think that there are people who should comment on this issue before I do; that would be more appropriate.

[Question] Who for example?

Altikulac: The government officials of the time who were responsible.

[Question]: Ozgunes, for example?

Altikulac: Yes. Of course, for example. In other words, if something needs to be said, they should say it. If anything remains unsaid then I will say it.

[Question] Did the government know about this issue?

Altikulac: Of course, it did. The Council of Ministers issued a decision at that time.

[Question] There was a Council of Ministers decision?

Altikulac: Of course. However, something caught my attention in that feature series. The series talks about a book published by Rabita. The "Idol Man" is not published by Rabita. In other words, some errors caught my attention in the series. But I have not read all of it.

[Question] On what date did the Council of Ministers issue its decision on this matter?

Altikulac: I do not recall.

[Question] But the Council of Ministers issued it during your tenure, did it not?

Altikulac: Yes, of course.

[Question] Who proposed it to the Council of Ministers?

Altikulac: I you do not mind, I do not wish to elaborate. There are one or more ministers. You can interview them and obtain a statement.

[Question] Who are they?

Altikulac: There is Ulusu. There is Mehmet Ozgunes. There is the NSC. You can just say that there are government officials who were responsible.

[Question] You are saying that this venture was undertaken with their knowledge--or, in fact, with their decision. You are saying that this is not something that the Religious Affairs Chairmanship undertook on its own.

Altikulac: No, no. There were government officials above me. There are the government officials of that period. It is more proper that they comment. After that I will comment if necessary.

Ozgunes' Answers

Mehmet Ozgunes, the minister of state of the 12 September period, said that the Religious Affairs Chairmanship is linked to the Ministry of State with a "thin strand of cotton." Ozgunes replied to CUMHURIYET's questions as follows:

[Question] Mr Ozgunes, former Religious Affairs Chairman Tayyar Altikulac says that the "Council of Ministers made a decision to have the imams paid by Rabitat-ul Alem-ul Islam." What do you think?

Ozgunes: Believe me that I do not recall. These are all his doings. I do not think that there was a Council of Ministers decision.

[Question] The Council [NSC] says there was.

Ozgunes: Are you telling me that the Council has nothing to do other than deliberating on the salaries of imams in some countries? These are lies. Plain and simple lies. I do not think that this issue is any way related to the Council. I was ill at the time. I was lying in the hospital. Frankly, I did not know. I learned about it much later. I was told about it when I went to the FRG. It is interesting that a man who has sent his father and brother on pilgrimage [at government expense] is asking: "What have I done wrong? If I proposed it, then the Prime Minister approved it." In other words, the

prime minister is supposed to be at fault. Would you believe that? That is some reasoning. I saw this in CUMHURIYET. In Hasan Cemal's report, the Prime Minister says "I have no knowledge." How were the Council members related? My opinion is--I do not know. Be assured that I would tell you if I knew. I am not afraid of anybody. If I do something, I say it openly. I say "this is how it is." But I do not know. For one thing, I do not think that there was a Council of Ministers decision. I do not think so.

[Question] The Council of Ministers makes a lot of decisions. Perhaps this one...

Ozgunes: But I always go through Council of Ministers decisions. This is such an important issue. If the Council of Ministers had a decision on it, I would know about it. If I had access to government archives right now, I could look through them. Then we could find out who did what, who said what and who organized what and how. But I have no access to government archives.

[Box p 13] Altikulac: Youngest Religious Affairs Chair

Tayyar Altikulac served as Religious Affairs Chairman from 9 February 1978 through 10 November 1986.

The youngest Religious Affairs Chairman in the history of the Republic, Altikulac was born in the Devrekani district of Kastamonu in 1938. He went to primary, middle and high school in Istanbul.

Altikulac, who won fame as a "hafiz [one who knows the Koran by heart]" having learned the Koran by heart at the age of 9 before finishing primary school, graduated from the Istanbul Higher Islamic Institute in 1963.

He taught for years at the Imam-Precacher School in Istanbul. Later he served as a graduate assistant and faculty member at the Kayseri Higher Islamic Institute.

During the period 1967-1968, he specialized in Arabic language and literature at the University of Baghdad. Altikulac, who wrote his doctoral thesis on "Interpretation of the Prophet's Traditions," served as Deputy Religious Affairs Chairman and then as a member of the Training and Education Council of the Language Education Directorate General of the Ministry of National Education. In 1978, he was appointed Religious Affairs Chairman.

Having retired from that position at the age of 50, Dr Altikulac does not have an official capacity at present. He is married and has four children. One of his books was printed in Arabic in Beirut.

Signatory of 'Rabita' Agreement Disputed

Istanbul CUMHURIYET in Turkish 17 Mar 87 pp 1,13

[Text] The 12 March 1987 installment of Ugur Mumcu's investigative series entitled "Islamist Organizations and Money" reported that between 1982 and 1984 the Saudi-backed "Rabita" organization paid "monthly salaries of \$1,100"

to clergymen appointed to positions in Western Europe by the Religious Affairs Chairmanship. The installment said:

It is normal to expect imams employed in mosques controlled by the Religious Affairs Chairmanship to be paid from the government budget of the Turkish Republic.

If I told you that "the salaries of these imams was for some time paid by the pro-Shari'a organization called 'Rabitat-ul Alem-ul Islam,'" you would say: "That is impossible."

But it happened. And it happened during the 12 September period. At a time when Ataturkism was most frequently talked about.

I learned about this issue from a person who served as a cabinet minister during the 12 September period. The person wishes to remain anonymous. He said:

"Mr Mumcu: The Religious Affairs Chairmanship was too late in taking its services abroad. As a result, movements such as Suleymanism and the National View had a free rein overseas. We tried to dispatch clergymen overseas immediately. But we realized that there was neither legislation nor any funds to do that. We reached an accord with the Saudis. In accordance with this agreement, from 1982 through 1984 the salaries of the Turkish imams were paid by the Rabita organization."

The salary paid was \$1,100 a month.

This money was paid by Rabita to the Turkish embassies which paid the imams.

This practice first began in Belgium; later, Rabita began paying the salaries of Turkish imams in the FRG as well.

I inquired about this issue during my conversation with the director of the Islamic Cultural Center in Brussels, Head Imam Al-Ahdal.

In fact this was the primary purpose of my meeting with Al-Ahdal.

After discussing other issues, I eventually asked him:

"Can you comment on the salaries Rabita paid to Turkish imams?"

He talked about it.

Head Imam Al-Ahdal is both the director of the "Islamic Cultural Center" and the European representative of the pro-Shari'a organization known as "Rabitat-ul Alem-ul Islam." He knows Tayyar Altikulac and other officials of the Religious Affairs Chairmanship very well.

He knows the names of all of Altikulac's staff.

He said: "Rabita has paid the salaries of Turkish imams since 1980."

Who made this agreement?

The minister who wishes to remain anonymous said: "The Foreign Ministry signed the agreement."

I asked the Foreign Ministry:

"Who signed the accord regarding the payment of Turkish imams' salaries by Rabita?"

Here is the reply given by the Foreign Ministry:

"The Rabita organization paid the salaries of clergymen posted in Belgium in 1982. Then this practice stopped. However, this arrangement was made by the Religious Affairs Chairmanship, not the Foreign Ministry."

Who signed this "accord"? The Religious Affairs Chairmanship or the Foreign Ministry?

The former minister insists: "The Religious Affairs Chairmanship has no authority to sign such an accord. The accord was signed by the Foreign Ministry."

Head Imam Al-Ahdal said:

"Yes we paid them. The members of the administrative council of the Islamic Cultural Center include five ambassadors one of which is your ambassador. Three Rabita representatives are also on the council. We have a say in the appointment of religious teachers from Turkey. However, we turned over this authority to your government by some type of gentlemen's agreement. Your government now decides who is appointed as teacher."

I asked the same question to whomever I talked to overseas:

"Do you know anything about the \$1,100-per-month salary paid by Rabita to Turkish imams?"

Almost everyone knows about this matter.

From 1982 through 1984, the Rabita organization paid the salaries of imams appointed by the Religious Affairs Chairmanship.

Unfortunately and sadly this is what happened.

The entire Turkish government could not find any money to pay its imams abroad and asked the pro-Shari'a organization, "Rabitat-ul Alem-ul Islam" to pay them.

They asked this organization which has printed and distributed the book "Idol Man" which is filled with insults against Ataturk.

And they reached this "accord" at a time when they were talking about Atatürkism day in and day out.

SDPP Calls for TGNA Inquiry

Istanbul CUMHURİYET in Turkish 17 Mar 87 pp 1,13

[Text] Ankara--The Social Democratic Populist Party [SDPP] will raise the controversy over the payment of Turkish clergymen abroad by the "Rabita" organization between 1982 and 1984 in the Turkish Grand National Assembly [TGNA].

According to information obtained from SDPP officials, having read Ugur Mumcu's investigative series published in our paper, the SDPP will ask for an "Assembly inquiry" about the affair and will open a debate on the issue in the TGNA.

The request for an Assembly inquiry will reportedly be submitted to the Presidency of the TGNA in the coming days.

In Marmaris, SDPP Secretary General Fikri Saglar made the following comments on the issue:

"The scope of reactionarism in the country is abundantly evident. The SDPP repeatedly demanded from the government to take a serious stand on this issue, but the government ignored those demands. In fact, its stand indicated that it was encouraging reactionarism. The affair involving the payment of the salaries of Turkish clergymen overseas by the Rabita organization has confirmed our fears. Neither the Religious Affairs Chairmanship nor the Foreign Ministry wish to admit responsibility for this affair. Government officials of the time claim that they were not informed about this issue. But since the payment of salaries to clergymen by Rabita has been confirmed, who gave the order? If no one knows about it, how can there be a government which does not know about such open payments to the imams? Is the country so unaware about everything? Either they are denying knowledge on purpose, or they are concealing facts. In any case, we will urgently raise this very important issue in the TGNA to dissipate the dark clouds hovering over the secular Turkish Republic, to reveal the truth and to demand an accounting from those who were responsible. As always, we will wage our struggle to the very end."

Democratic Left Party [DLP] Secretary General Nuri Korkmaz said that the payment of the salaries of Turkish clergymen by the pro-Shari'a organization, "Rabita," "indicates that reactionarism is sponsored by the government." Stating that his party is preparing to investigate such reactionarist activities, Korkmaz said that the DLP parliamentary group will make a decision on this issue and disclose it in the coming days. Korkmaz added:

"We have long been saying that the most important cause of reactionarism is the decision of the 12 September administration to turn a blind eye to the activities of cults with foreign ties in order to win the support of certain circles. Now the sad results of all this are being unravelled."

The DLP group will reportedly call for an Assembly inquiry on the "Rabita" organization.

CWP's View

Correct Way Party [CWP] deputy leader Mustafa Corapcioglu said: "We will express our opinion after we see documents related to the charges."

Aramco Support Claimed

Istanbul CUMHURIYET in Turkish 17 Mar 87 p 13

[Text] The full name of the "Rabita" organization is "Rabitat-ul Alem-ul Islam." The objective of this Saudi-based organization is "to work to make governments in Islamic countries to comply with Islamic laws." The bylaws of the organization, printed in Mecca in 1963, also states the following goals:

"--To select the strong and the mature speakers from among the pilgrims coming for Haj from various countries and to train them as 'Islamic missionaries.'

"--To provide financial assistance to Islamic media.

"--To organize summit meetings of Muslim heads of state.

"--To combat nationalism and racism."

The financial resources of the Rabita organization are a closely-guarded secret. However, these resources reportedly include funding by Aramco, an oil company jointly owned by Saudis and Americans; Aramco reportedly gives 2.5 percent of its earnings to Rabita. Rabita is the richest and the most powerful Islamist organization in the world.

The 41-member Founding Council of Rabita includes a Turkish delegate. He is Salih Ozcan, a former National Salvation Party [NSP] deputy from Sanliurfa. Another Turkish representative in the Rabita organization is Ahmet Gurkan, a former Justice Party deputy from Konya.

In 1976, then Minister of State Hasan Aksay, a member of NSP, attended a Rabita-sponsored conference in Pakistan. Many of the resolutions passed by that meeting--which was called "International Seerat Congress"--were later implemented step by step in Turkey.

Editorial Demands Answers

Istanbul CUMHURIYET in Turkish 17 Mar 87 pp 1,13

[Editorial by Hasan Cemal: "Who Is Responsible?"]

[Text] The year is 1982.

It is the 12 September period.

The NSC is in power. The Ulusu government is in office.

An agreement is reached with the pro-Shari'a "Rabita" organization, and this Saudi-backed organization pays \$1,100 a month in salaries to Turkish clergymen in several West European countries. These payments continue until 1984.

The Turkish clergymen are affiliated with the Religious Affairs Chairmanship.

The Religious Affairs Chairman in those days is Tayyar Altikulac. As an agency affiliated with the Office of the Prime Minister of the Turkish Republic, the Religious Affairs Chairmanship was made the responsibility of Minister of State Mehmet Ozgunes during the 12 September period.

Now we ask:

Who is responsible?

Who made the decision to have Turkish government officials paid by the Rabita organization? On what grounds?

Whose signature appears on the agreement that was reached?

At the beginning there was a marked silence with respect to these questions. Then that silence began to dissipate.

First, the Foreign Ministry and the Religious Affairs Chairmanship threw the ball at each other. The Foreign Ministry indicated that it "knew" about the issue, but claimed that the Religious Affairs Chairmanship had signed the agreement. The Religious Affairs Chairmanship, on the other hand, insisted that the agreement was the responsibility of the Foreign Ministry.

Mr Bulend Ulusu, the prime minister of the time, told us that he had no knowledge of the affair.

In a statement sent to CUMHURIYET yesterday, President Kenan Evren underscored his "sensitivity" on the issue, but said that he "did not receive any information to that effect during that period as head of state and Chairman of the NSC."

Meanwhile, Mehmet Ozgunes, the minister of state of the 12 September period, blamed the Religious Affairs Chairmanship in an interview with CUMHURIYET yesterday, and said that this affair originated from them.

Tayyar Altikulac, the Religious Affairs Chairman of the time, raised a completely different charge saying that there was a Council of Ministers decision on this issue.

In response, the Ozgunes accused Altikulac of being a "liar."

Now what will happen?

Can you say who held the ball?

A Saudi Arabian pro-Shari'a organization pays the salaries of the overseas officials of the government of the Turkish Republic in dollars.

There is an official agreement on this issue. Nobody has denied that.

But as you can see, all of them are throwing the ball to each other.

It is very sad.

The position the secular Turkish Republic has been forced into is truly very sad.

We have much more to say on this matter.

But, together with the public, we are first awaiting answers to some questions.

Is there a Council of Ministers decision on the payment of salaries as Altikulac claims?

If not, how was an agreement envisaging this method of payment signed?

We are awaiting explanations from the government.

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